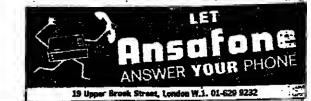


business news



UN faces massive crisis bill

BY MALCOLM CRAWFORD, Economics Editor

Common Market food prices and import levies, which would raise both British food prices and the UK's contribution to the Community Budget, is now foreseen in Washington following a new analysis by officials of the hackwash of the impending international currency re-, alignment,

Washington officials, who have warned key members of Nixon's rabinet of the consequences, are not worried about Britain's marcet membership costs, of course, and are fearful about the effects of higher Common Market prices on surplus production in Furning in surplus production in Europe. They foresee grain support trices in France, Italy, Britain, and Denmark going up, by an average of as much as 6%. As he import levies would go up oo, America's already-dwindling arrors a freedy-dwindling arrors as freedy-dwindling. rain exports to Europe could he topped, and higger grain sur-luses would flow outward from

curope and spoil America'a corld-wide grain sales.

For Britain, the threatened inreases would add to her entry osts, over and above the price icreases envisaged at the time iemhership was being negoti-

A NEW WAVE of increases in ated. They would add to prices in the ahops, and proportionately rather more to the balance of payments cost.

Washington officials have recommended that the US insist
that the EEC stockpile future
grain surpluses, instead of dumping them on world markets;
limit subsidy payments for wheat
used as feed grain in Community
member countries; and abandon
the increase in maize prices.

the increase in maize prices, which was decided last spring.

Officials are also preparing a list of demands for concessions by European countries on agricul-tural trade and non-tariff bar-riers, to be raised as a condition for dropping the import sur-charge—in addition to the cur-rency realignment.

are linked to "target prices," expressed in "units of account"—each unit having the same ratio

to gold as the US dollar. As the German D-mark has floated up about 10 per cent, and will probably be pegged at about that level, produce prices in terms of marks would fall—if the Germans would let them. But the German Government has made it plain that it intends to do no such thing. Instead, the whole atructure, in terms of units of account will have to he raised in line with the revaluation of the D-merk

In line with the revaluation of the D-mark.

The Six will not settle this without a bitter internal dispute, but it is expected that in the end, only the Italiana will persist in objecting. Whether the candidate countries (such as Britain and Denmark) will have any say in the matter remains to be seen the matter remains to be aeen.

The Eurnpean Commission is preparing its own list of counterdemands, with the hope of making these issues, the subject of prolonged horse-trading — after removal of the surcharge.

The technical point which will raise farm product prices in France, Britain, Italy, and Denmark is this: prices of hasic foodstuffa in the Common Market are linked to "target prices," expressed in "units of account" — each unit having the same ratio the matter remains to be aeen.

Connally has also heen warned that if he ralses the dollar price of gold, as part of the currency realignment, this could result in an across-the-board rise in farm product prices in the Common Market. This would depend on various future decisions, but is likely to add to Connally's many existing reasons for leaving the official gold price unchanged.

How much law on the shop floor?

"IRA? Oh no, it's just on ex-Cunard director gunning for Nigel Broackes."

TOP PERSONNEL managers are should contain a clause stating expecting a difficult life under that the agreement would not the Industriat Relations Act. he legally binding. Only 15% Many still favour closed union wera prepared to stand firm and shops and a big majority are prepared to stand firm and shops and a big majority are prepared to make legal concessions for industrial peace.

Few managers show any enthusiasm for courts, More than 70% feel that legal sanctions are relations war, the men who will the first the first that th

70% feel that legal sanctions are just a useful standby in industrial relations, and a massive 97% do not anticipate seeking any legal action under the Act next year.

But a large minority (39%) expect a legal action next year from their employees and unions.

These are the preliminary conclusions from a major survey car-ried out by The Sunday Times at the Institute of Personnel Management annual conference in Harrogate last week.

Faced with a practical example of union militancy, few managers were prepared to be heroes. We posed the problem of a union insisting that its next agreement of the personnel departments. The views in the survey, were those of individuals, not of companies, and of course not the policy of the IPM.

More than 25% of the managers

bave to make the Act work on the factory floor. The exclusive survey was aimed at 500 man-agers from Britain's top companies. Replies in full to 32

detailed questions about their company job and attitude were made by 350.

The preliminary results, taken from a cross section of 100 managers, show that the publicity of the past year about Industrial relations has produced a feeling of caution in the personnel

operate currently under a "closed shop" system and more than 50% under a "100% union shop."

Surprisingly as many as 46% still favour the closed shop in general as against 43% who oppose it.

Our analysis showed that 35% thought the Act would affect their company a great deal and 50%.

0000

thought the Act would affect their company a great deal and 50% felt that its influence would be slight. But 65% were sure that the Act would make their own job more difficult (14% thought that their life would be easier). In spite of that 69% saw personal relations with employees remaining at present levels.

The three firms in our cross section who expect to have a legal

section who expect to bave a legal battle with the unions were all multi-national companies.

Next week Business News pre-sents a full analysis of this exclusive guide to management attitudes under the Act, including comparisons with The Sunday Times survey at Harrogate last

Last ditch plan to save the Islander

UP TO a month ago Britten-Norman, the Isle of Wight plane-makers, put in the hands of the receiver on Friday, was projecting a ataggeriog rise in profits from £152,000 to £1.3 million in just two years. It was still hopeful of staying in business a few days ago, when its major creditor decided to call in its loan.

decided to call in its loan.

This emerged yesterday as the company's founders, John Britten and Des Norman, met the receiver at their Bembridge factory. It is now apparent that desperate efforts were made by tha company to either transfer the business abroad or get a tie-up with a foreign group. This may yet be a possibitity, and things should be a lot clearer by next Tuesday after the receiver has had a closer look at the hooka.

Britten-Norman, in fact, went

Britten-Norman, in fact, went to three countries to find a partner: Singapore, Israel and Rumania. Last month there was even a plan to shift production of Britten-Norman's 10-seat Islander and 18-seat Trislander aircraft to Singapore, where cheap lahour and lower tax would make tha planes more competitive.

Talks were started with London representatives of the Singapore Government and banka. Britter-Norman drew up figures for its next three years' trading which make optimistic reading. Turn-

over would rise, in two years, from £4.5 miltion to £7.7 million, and pre-tax profits from £152,000 to £1.3 million.

to £1.3 million.

Transfer of the business be Singapore would reduce labour ann tax so much that the cost of an Islander would come down by £5,270 (out of £35,000) and the Trislander by £9,430 (out of £100,000). This would increase projected profits by £599,000 a year. Including write-offs of development costs, profits could hit £1.3 million by the end of 1973. Further confidence by the company came with figurea that showed it paying off debts, initially totalling £4 million, at around £500,000 every aix months. Britten-Norman offered prospec-

Britten-Norman offered prospec-tive Singapore partners a 40% stake in the company for £1 million, although it reckoned they would recoup some £1.5 million from profits on its existing profit projections. However, the oeal never took off

John Britten admits that those John Britten admits that those figures were revised. The same figures were revised. The same thing presumably happened with the Israeli and Rumanian deals. Unfortunately for Britten-Norman, the Exporters Refinance Corporation (a subsidiary of Lloyds Bank) which had a £2.8 million loan outstanding with the company, decided to call in the receiver. The Government is owed around £250,000.

Nixon wins cut-price computer war

BY HARLOW UNGER, New York

For £5 a month

you could:

1. Make yourself

£12,500 in cash.

2. Protect your family

by insuring your

life for £6,000.

3. Guarantee that

neither accident

nor illness can stop this happening.

THE US General Services Administration—the American Government's purchasing agency—confirmed yesterday that the £20 million Pentagon contract awarded last week for 35 large-scale Honeywell computers represented a 70% discount from normal commercial prices.

what the GSA called a "smashlng victory over the computer
industry monopoly" came after
four years of battling in and out
of court hetween the Government
and the computer industry. The
fight began in July, 1967, when
the General Accounting Office
forced the US Air Force Into an
abrupt cancellation of a £46 million computer order with International Business Machines Corporation. The GAO, which is
congress's official watchdog over
executive spending, learned that

the USAF had awarded the contract to IBM despite hids ranging from £25 million to £30 million lower by Honeywell, RCA, and Burroughs. The three losers protested and started tha inquiry that forced the USAF to cancel its IBM contract.

Since then, the Pentagon and other US agencies baye forced

Heath men say 'back Concorde' MAJOR BOOST for the prosect of full-scale production of eight more aircraft. The Rothschild figure would indicate a production rate of above the two aircraft a month planned by Lord Rothschild Report, which drew on a number of sources to start work on eight more aircraft, making a total of 18. For, according to their option agreements, BOAC, Air France and Pan-American are due to take 18 aircraft hetween them, taking delivery alternately.

idward Heath's think-tank). This study, a series of papers

recasts sales of hetween 120 id 150 planes within the first e years of Coocorde production als is in line with the most manufacturers, which had preceded sales of up to 200 planes within the whole production run the sales of up to 200 plants, iring the whole production run the aircraft, which could he 10 ars or more. It is far more an the gloomy forecasts cently circulating among poernment sources in Whitehall

The Rothschild Report, which drew on a number of sources including the manufacturers, the airlines, and Cooper Bros., the accountancy firm, is now with the Department of Trade and Industry. It seems likely to hreak the somewhat static situation the aircraft's programme is now in. Earlier this year the Government authorised a start on the first 10 aircraft which could be delivered to airlines from 1974 on, Previous to alrlines from 1974 on, Previous work, costing Britain £300 million to date, had all been on prototypes and pre-production aircraft.

A first step could be authority

But before BOAC will take up its options it requires, besides guarantees of performance, flight and noise levels (which now look acceptable), a firm price and Government help to get landing rights. The price is expected to be around £13 million, but the Rothschild Report includes suggestions of making purchases easier for airlines, all of which are under considerable financial strain because of the introduction of Jumbo Jets at a time of static revenues. BOAC will not only need Government support to get need Government support to get the American authorities to agree to Concorde landing in New York; it also wants the right to land at Lagos on the crucial The **NEW ATCOST** Sonth African run. Earber this year BOAC's West African routes **BROCHURE** were transferred to British Cale donian and BOAC bas no landing right there at the moment.

A further boost to Concorde is coming from rivalry between China and Japan to be the first to introduce the aircraft in the Pacific, the fastest-growing airmarket in the world and the one most suitable for Concorde. Following a recent and auccessful visit by the manufacturers to Peking at the invitation of the Chinese government, Japan Air Lines bas now asked to increase the number of options from three to six aircraft. But it also wants to advance its place in the production queue as a condition of increasing any order it gets.

The Great Escape

Descriptions Act — the cornerstone of consumer legislation—determined that a guilty trader need not pay any compensation to his victim.

In June, Croydon magistrates told a local car dealer to pay a customer £230 compensation after falsely describing the condition of a secondhand car. This was in addition to a

£250 fine. The appeal bearing which ended last week, reduced the fine by £50—and quashed the compensation award.

The judge and two magistrates in Croydon bava at least removed an ambiguity in the Act—but in doing so, made it clear that new legislation is needed: "We think the Trade

Descriptiona Art would be even mora effective if magistrates could award compensation. Perhaps Parliament may think it right to give them this power."

Meanwhile, the overworked weights and

measures men, when they mount prosecu-tions, have no chance to obtain redress for the consumer. To obtain compensation he

must launch an entirely separate, compli-

cated and expensive private legal action himself — for which, not surprisingly, few

Complain for all you're worth: it still won't do you any good. That la the depressing message to emerge from a Quarter Session ruling in Croydon last week. A test case under the Trade

Hands off Europe, Japan told

BY DAVID BLAKE, Brussels

British Industries, and Common Market equivalents, will warn the Japanese next week not to mount any major export drive to Europe to make up for sales lost by the US import surcharge. If the Japanese defy the warning the Europeans will press their governments to raise import barriers against them

Brussela on Tuesday. The Japanese side consists of a delega-Japanese side consists of a delegation from the Keidanren—the
Japaneae confederation of
industry—sent to Europe to get
negotiations going again on the
long-proposed liberalisation of
Japan-Europe trade. Japanese
goods face high harriers in some
European countries.

largely hecause of pressure from the US seeking to divert its Japanese imports to Europesoon broke down. The main difficulty has been the European demand for the right to throw up emergency harriers, on a discriminatory basis, if home

industries cry out for help.
The Japanese have insisted that The warnings will be given at a meeting between Japanese and not claim any more emergency European husiness leaders in Brussela on Tuesday. The generalised one permitted by the

The Japanese delegation, led by Kogor Uemura, president of the Keidanren, will go all out to persuade the Europeans that they need not worry about 2 large-scale switch of Japanese exports. The Japanese will point out that the upward float of the yen is

expected to hit their competitive ness. But German industry, equally harmed by the upward float of the mark, is particularly afraid of the Japanese.

In Tokyo, Japanese newspapers are speculating that their government is planning a revaluation of the yen by 121%, to a new exchange rate of 320 per US dollar. A cahinet spokesman denied the reports. Press speculation has thrown up figures ranging from 10%, to 16%, for the expected new official yen rate.

The reports say that Japan is now sounding out the US on a 12½% revaluation, with 3% permitted margins—so that if market pressures pushed the yen up, it could move up on the exchange markets as high as 15.9% above



Escaping from inflation-prone Britain will cost you more next year. Without telling anyone, the main Channel ferry and hover-

hrocbure, just out, with this year'a, and found a standard 10% rise for passengers, and 15% for cara and caravans.

British Rail's Sealink and Seaapeed services have not yet published their 1972

prices, but when they do, they will announce exactly the same increases. It emerges that exactly the same increases. It emerges that in August the main operators quietly got together and agreed to put their prices up by the same percentage. So next summer the Dover crossing (to Calaia, Ostend and Boulogoe) will cost £3,30 per passenger, instead of £3, and £4.60 per Mini car instead of £4.

WHO would have thought that anything as unglamorous as dried peas could become an import saver and help to turn Britain's economic tide? Today 70% of them are

grown in this country compared with less than half five years ago. Maybe nobody is willing to admit consuming these helly-fillers (their designation in the pea business), but £2 million worth of them are sold in Britain each year. OUR APOLOGIES to Fred, Homepride's chief flourgrader. The right price for the egg-cups Homepride is offering is 30p for two (plus coupons from the back of two 31b bags of flour) not 3p as we said fast week. Sorry.

Riding the anchor

craft operators have in-creased their prices by up to 15%. We compared the 1972 Townsend-Thoresen

of £4.

Among other things this conflicts with the CBl's 5% guideline. Simple, British Rail explained: Channel crossings are international operations, and therefore the CBI recommendation does not apply.

Sorry Fred

Why Lien needs Londonderry cult time. Our industry needs a great deal of research and de-velopment money and access to

making a bit of a comehack too.

Out of order

shutters today. Official reason is that it has not attracted enough calls to cover the costs of its operation. The service has given weekly

buying hints and guide prices each Sunday since May 1970. But when did you want to

shop for food on a Sunday? Could he the Post Office got the day wrong? Why not bring it back—on Thursdaya? Or, better still, every weekday.

Biggest eaters are in the North West, Tyne Tees area, the Midlands and Scotland. Signs are that canned giant marrowfat peas are

Hidden bellyfillers

NORWAY'S best-publicised bank- ing machines in Bergen went ance during the war, and since ruptcy for years, a work-in at a bankrupt for over £1 million, then bas built up an international factory in Bergen, and the putting more than 600 people out operation under the trade name comantic story of a Norwegian of work A work-in was promptly of Regna. These operations intypewriter salesman turned cashregister tycoon, are all part of the
tangled story of Northern Ireland's first new industrial investor from ahcoad this year.

organised, the workers raised
organised, the workers raised
over £100,000 to keep the company going, and appealed to Bergen Town Council for more belp.
But before this was organised

On Friday it was announced that the Norwegian Jorgen S Lien Industrier was to move its Lien Industrier was to move its manufacturing operations from Bergen to Springfield, near Londonderry, providing up to 450 jobs within three years. Ulster was stunned and disbelieving.

But Robin Bailie, Commerce Minister, was exhilarated. "Words cannot convey," he said, "what the company's decision will mean in terms of renewed confidence in Northern Ireland."

If he had been to Bergen he

If he had been to Bergen he would be less ecstatic. Earlier this year Lien's company manufacturing cash-registers and add. Blackpool

putting more than 600 people out of work A work-in was promptly organised, the workers raised Lien announced that be was get-ting out of Norway (though be is keeping a safe factory going) because of lack of help from the Norwegian Government which, be says, dates hack to when he atarted in 1937. Up till this year Lien had been Bergen's pride and joy. He

cluding sales organisations in many parts of the world and factories in Australia and Austria, which were not declared hankrupt and it is to service them that Lien is investing in Northern Ireland.

The search for a new hase of

operations dates back before the bankruptcy. According to Louis Kamber, the Oslo-based South African-born lawyer for Lien, negotiations with the Stormont Government began in March, 1970. "In 1969 we started look allegedly learnt about electrical machinery assembling wireless sets for the Norwegian Resisting at sites outside Norway where the company was having a diffi-

In Norway we weren't getting it. . . We looked at other parts of Europe offering development

or Europe offering development incentives and in particular at Italy and Spain but we could do hetter in Ulster than anywhere else. The other options didn't give R. and D. assistance." Lien and Kamber feel the troubles have been exaggerated and were most impressed by the decision of Du Pont this summer to invest another £7 million in its Londonderry plant.

government-sponsored research.

Kamher is so confident of success that it bopes the company will get a quotation on one of the British stock exchanges within the next three years. It is unclear whether the gusta will The regular features People and Property and Get Ahead have been held over until next week.

The regular features People unclear whether the quote will be extended to Bergen.

Nicholas Faith

Nicholas Faith

Now think what £6,£8 or £10 could do! Fill in the coupon and see.

*depending upon age.

Name_

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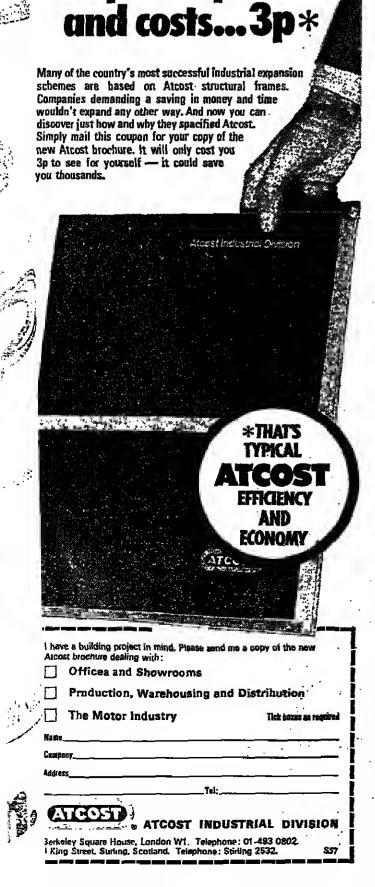
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INDICATOR	PROFITS	DIVIDENDS		MAIN INDICES	
Last week	£20.7m (+ 60.8%)	Up: Down: Same:	41 6 29	The Times Industrial Share Index 160.56 (-4.58 on the week) The Dow Jones industrial average	
Last 52 weeks	£5,006m (+ 4.4%)	Up: Down: Same:	1,646 566 1,561	852.37 (—21.98 on the week). FT-Actuaries all-share index 177.77 (—6.65 on the week)	

ATV banking on TV boom

ATV is having trouble with its once glamorous diversifica-tions. The TV film cumpany
ITC committed 40% of its
budget to "The Persuaders," a
series whose clump down the
American TV ratings will not persuade anyone to re-order it; the Beatle music firm Northern Songs could produce £100,000 less print this year; and Pye Recordo has loot its important Reprise lahel. But hrokers are expecting the massive TV industry recovery

WHAT'S UP

show annual pre-tax profits for companies reporting last week and over the 12 months.--Statistics by Exchange Telegraph

more dependent on the politically vulnerable TV husiness again.

☐ Hidden in the small print of its annual report I notice that Industrial Finance & Investment, the Dawnay Day banking/ investment group, has picked up another chunk of chares in Alfred Lockhart, the plastic to solve these problems, lifting profits from £4.9 million oheeting firm it once unsuccess-to the £6.5-£7 million range. This should keep the shares huoyant though they will become much

to 10.6% of the Lockhart capital. Since another hid now is unlikely to prove welcome presumably IFI will just wait clutching its strategic holding.

☐ It was curious to see the hear raid on Tremletts on hear raid on Tremletts on Wednesday, knocking the shares hack from 160p to 138p, just as managing director Jeffrey Pike was finaliong his largest ever, £2 million, deal for seed crushing machinery. Profits are running high and after the half year's £287,000, I expect to see the year end with profits well over £500,000 compared with the £450,000 forecast. The shares recovered to 152p by Friday.

Elementary, my dear Watson, the value of a new lens NEXT MONTH could just see the birth of a glamour stock. The

growth currently showing after several good years; and a very small placing—only 35% of £100,000 issued capital. However, Kelvin Watsen, the company in question, could he an exception to the usual rule. Based in Manchester, its present speciality is the manufacture of rigid contact lenses hy moulding rather than grinding. The potentially exciting item is Kelvin Watson's advanced research on Watson's advanced research on "soft" contact lenses—the product, originally invented in Czechoslovakia, which made Bausch & Lomb one of Wall Street's high-fiyers last year, and given an extremely health hoost to the shares of Smith & Nephew, the UK concessionaires. Although nothing is certain in this cort of

hasis sounds unpromising-pro-

be on the point of coming np with samething even hetter.

The new lens is still heing developed at Watson's in Manchester and at Aston University. Rirmingham. It could still fail its promise, but work is far enough advanced for the directors

nothing is certain in this sort of high-grade research, the hope here is that Kelvin Watson may **NEW ISSUES**

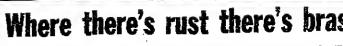
fits for the current year unlikely to run over £140,000; profit since the demand for contact lenses is steadily growing—5% of people who need glasses use contact lenses here, 10% in the US—the first firm actually to produce a more comfortable, more easily fitted lens is in a strong position. All the more since Kelvin Watson would be in a position to license its invention— just as it now plans to license its production innovations.

It is a heady thought, even for a company which already has \$5% of the UK market for contact lenses. But Kelvin Watson is sensibly keeping its feet on the ground. "We're not coing public on a wooder lens"

contact lenses too—even pink ones. "Some of the people who huy those call themselves conjurers," oays division managing-director Charles Bloodworth. "But I wouldn't play cards with them. The lenses make it easier to see the markings on cards," But Kelvin Watson's hasic husiness will remain solidly medical through 12 profitable retail nutlets and a national system of consultants visiting optical practices. And even without the

tices. And even without the wonder lens, the hard contact

homes in the home-hungry South-West and the Home Counties; and with 12% of turnover in industrial development. It does no construction work of its own. Kent is going at 47p on a 10.4 P/E hased on forecast profits of £310,000. That makes it under half the size of soaraway Fairview Estates which now stands on a 16 P/E. Kent is tight on cash, but its land bank should last it for three years, making land purchase a more remote call on resources. Kent is in the right geographical areas, and in a husiness which is turning up. A small-scale huy without great immediate profit prospects.



TIME TO BUY

FOR A COMPANY whose profits are expected to increase by rather more than 20% a year for the next three years. London and Midland Industrials' P/E of 7.8 (on forecast profits) is absurd. Even with the unpopular conglomerate that the feet is that profits merate tag, the fact is that profits in the past five years have risen from £192.000 to £926,000, with from £192.000 to £925,000, with the chairman forecasting "not less than £1 million" in the cur-rent year to March 1972. That should be comfortably beaten, and by early next year the additional profits from a new rust inhibitor product, for which the company has tied up an agreement with British Leyland, should be increa-sing profits by a further 25% a sing profits by a further 25% a year at least in the next two or three years until competitors come in.

The rust device is a chemical which when applied to car doors and other rust-attracting areas prevents rust forming. British Leyland is now recommending it through its Austin-Morris deal-ers, and Ford and Chrysler are also interested. LMI expect to be able to build up to 150,000 units treated in 12 months, which would mean additional profits of around £250,000.

Meanwhile, LMT's other divi-

oions are going very well. E eering services should in £450,000. And with the acc tion last week of R A P stockholders and distributor fasteners, profits should be a another £110,000,

Air conditioning and he equipment is similarly of good husiness. Profits should be up to around £35 this year. The only signif trouble spot remains the e moving equipment side, who depressed market bas only allowed a recovery to ar £150,000. With another £230 or so from the consumer gr plus £120,000 underseal pr the company should turn out just over £1.1 million. With benefit of Poole the P/E drog 7, and if a full year's contribution. from the rust inhihitor is hro in the P/E could be under 6. a company growing at the LMI is likely to achieve in next two or three years, a cur multiple of 12 would be cau
—which implies that a pric
around 160p would 2till be the low side.

Buying price: 99p; 1971 high: 99p; low: 51p; Yield: 5.1%; Cover: 2.5;

P/E: B.6: Latest profit: £926.000.

Aziz Khan-Pa

Critic pans Superstar Stigwood

MARKETMETER Robert-Stigwood 941p-211p.

lens market is expanding fast.

This week's action is in house theatre critic has had a dramatic effect on the stock market. The butchering of Robert Stigwood's Broadway attraction "Jesus Counties; and with 12% of turnover in industrial development. It does no construction work of

Securities has closed with takers since the market praced up to 112p, capitali Argyle at £5‡ million. Slate left with his original Directors of Argyle refused t 1.4 million shares, and market will be disappointed no higher hid is planned. O'Donnell who is going on hnard as chairman, with other Slater property men be using Argyle for bids.

Plessey 119p-5p.

PLESSEY'S £1.75 milling in first quarter was much worse we expected. The market t plck up again afler the tn 118p when the figures we released. After a short recover the share clused last week 119p, reflecting uncertainty at the company's ability to get to on to the level pegging half-mark (£11.2 million) which company has claimed it we

Price Ch'ze pence %

The Watson lens men, Geoffrey (left) and Kelvin, keep an eye on the product

Rundown on the booming German car exports

MOTOR SHOW visitors will see "that German car makers have invaded the UK in strength. As
Thomas Tilling, which has the
concession for Mercedes, Volkswagen and Audi-NSU, showed
last week when declaring interim
profits one third higher, German DAIMLER-BENZ AG profits one third higher, German car exports are booming. In the eight months to August they rose 16% and exports now account for a massive 57% of Germany's 2.7 million car and commercial vehicle production. Floating D Marks and the US import surcharge (the US takes 40% of Mercedes and BMW exports) have made life more difficult this year. BMW expects to lose £2 million from the float alone. But at least other countries are moving their currencies into line. lost its chief executive in August, at least other countries are moving their currencies into line, so car shares have been showing signs of recovery on the depressed

German stockmarkets. Volkswagen is Germany's higgest exporter and in addition has recently outlered boardroom rows about the inadequacy of new model development, leading up to the speciacular departure

EUROSHARE

Share price: DM 331 (£39); Oividend: OM 8.5 (£1); Yield: 2.6%; Sales: £1,140 million; Net profits: £29 million; P/E ratio: 20.

Share price: DM 164.1 (£20);
Dividend: DM 6;
Yield: 3,6%;
Sales: £7.44 million;
Net profits: £4.6 million;
P/E ratio: 20.

In a row with the controlling family shareholder Friedrick Flick, who owns 40% of the shares. Another 27% of Daimler is in the hands of the Deutsche Bank and 14% in the Quandt family, who also control BMW.

There has been on and off pres-sure in merge these two makers of quality cars for years, possibly

and Mercedes about 17% in Germany. BMW will this year produce 165,000 cars and 19,000 motor cycles (50% more than 1970). Daimler will make 300,000 Mercedes cars and 180,000 commercial vehicles. The Daimler row was about the rate the company should expand — it spent £100 million last year. The Flicks were not prepared to put up the were not prepared to put up the £25 million for the next stage.

BMW, also spending heavily—

E25 million for the next stage.

BMW. also spending heavily—
£130 million planned over the
next five years—will raise its
output from 700 cars a day to
1,000 a day next year, hy an ingenious deal with Hungary. Following the spectacular failure
of Mercedes to get in on the
Ostpolitik on the huge Russian
Kama river truck plant order,
this was seen as a major conp.
Daimler still has the edge on
BMW in profits. BMW earnings
fell hy a fifth last year while
Daimler's raced to a new record
and higher dividend. With a
return on assets of 17%. Daimler
is one of the most profitable and
efficient vehicle hullders in the
world.

feet on the ground. "We're not going public on a wonder lens," says chairman Raymond Kelvin Watson. "We're going public on our record." Which shows a rising growth rate to £127,000 until the current year, when the cost or selling off a loss-making Canadian subsidiary did nasty things to profit. Research costs—a mere £50,000 over 3½ years for the soft lens—are less years for the soft lens—are less than violent, and Kelvin Watson can now expect a return from licensing all its previous innova-

including VW in a giant 'Deutsche Auto' company. BMW has less than 4% of the market tions, including the moulding of the boss Kurt Lotz. Daimler-Benz, the Mercedes company, also Michael Pye Scottish property group Argyle to be confident that the end result will at least equal the rivals, And technique. Kelvin Watson has cosmetic James Poole 1970.71 Bigh/Low Company BRITISH FUNDS Bures Hean Burns And son, Burton Group Buriness Com, Butters'd-Rvy. By Land FINANCIAL TRUSTS 109 71 5 262 193 5 22 5 28 101 5 45 45 30 174 345 31 29' Bank Bgc, Sec. 53 43' Charterhse, Grb. 79 48' Orakes 200 17' Exploration Co. 20 135' First Nat. Fin. 336 28' Rawtin 41' 22' LPJ. 41 ' 1,0.S. Ltd. 0 the f 21 1,0.S. M. 51 106' LOS.M. 51 116' Jesuel Secs. 266 22.0 1.0 17.8 1.3 4.7 15.0 6.4 2.9 20.4 4.4 3.2 12.0 2.8 5.6 13.0 6.8 3.0 13.0 2.5 6.2 0.8 7.0 1.7 10.8 5.256 7.742 8.692 9.729 8.496 FOREIGN STOCKS Cadbury Sch. • 80¹; Campar! 17; Camex Egs. 21; Caper Ashestos 140 Caper Nell 31 Caravans Int. • 12; Carrette Int. • 12; Carrette Int. • 12; Carrette Viv. • 30 Cashmore 12; Carrette Viv. • 30 Cashmore 12; 7.0 1.7 10.8 1.3n 24 17.2 5.0 2.5 17.9 2.5 2.4 27.1 1.1 6.0 12.5 7.0 1.7 22.2 19.8 4.2 9.5 2.0 42 27.8 2.65 2.5 12.7 2.8 8.3 8.1 6.0 2.5 12.0 6.5 4.7 10.7 1864 Penguin Pub. 44 Philips Lamp 165 Plessey 514 Physi 214 Polly Peck 110 Portals Hidgs. DOLLAR STOCKS 1264 136 414 354 3684 147 prestment Dollar Premium 25 49½ Bris Myers 50 34 Do 35 Con 38½ 15½ Bulova 71732 42752 Can. Pac. 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BANKS AND DISCOUNTS UNIT TRUSTS INVESTMENT TRUSTS Offer 23.6 47.7 23.5 119.7 168.2 161.4 72.2 88.1 163.8 MALLET & WEODRE MANK INTL.: INCOME PR. AUST. EXT. M. & G.: General Second Second Dividend & General Dividend Magnum MUTUAL SECS.: also Chip Income 15057 :117 1000 :127 8917 : :421 12.0 3.5 17.2 2.1b 1.0 29.1 6.8 3.0 11.7 ... 7.6 4.8 6.3 20.8 4.2 4.4 14.9 10.0 2.2 30.5 22.5b 3.2 13.5 5.3b 4.4 16.0 4.4b 2.2 10.4 4.6 2.1 21.5 2.3b 2.3 20.7 1.5 41.1 15.8 4.7 61.1 15.8 4.8 2.9 37.8 1.66 5.50 44.0 T:AD 0.71 2.54 116.9 51.0 127.3 55.0 2.50 0.10 8.20 8.10 CRUSADER GRTH. PEOP.: Growth Prop. DELTA Invest Trust 99. Delta Unit 18t. 129. Delta Dollar Fd. 311. DOM. LINCON ECOUTT ASS.: Lincoln Givn BOORTY ASS.: Commodity 99.9 Commodity 99.9 Commodity 50.3 General 99.9 Commodity 50.9 General 99.9 General Single que. COMMERCIAL AND Eastern Prod. Bastwood J.B. Becommic Gry. Edbre Emis Mod. Emil Ltd. Ellis & Everard Ellis & Ellis Fahrlough, L. Fahrlax Jersey Sellis Fahrlough, L. Ellis Fahrlax Jersey Ellis Ellis Fahrlough, L. Ellis Fahrlax Jersey Sellis Fahrlough, L. Ellis Fahrlax Jersey Sellis Fahrlough, L. Ellis France Ellis French W Everard Ellis Fronce Min. Frotherilli & E. Fronch W & C Ellis French W & C Ellis 17.50 6.4 15.7 1.0 6.9 7.5 5.0 3.5 11.8 6.3 0.5 12.2 4.4 1.5 19.5 5.6 5.8 12.2 4.4 1.5 19.5 5.6 5.8 12.9 2.6 5.8 12.9 2.6 5.8 12.9 2.6 5.8 12.9 2.0 3.6 14.3 2.0 3.8 14.3 4.3 4.9 16.8 4.4 2.0 19.8 4.4 2.0 19.8 4.4 1.5 11.8 1.0 4.4 12.5 1.0 5 4.7 11.8 1.0 5 4.9 11.8 1 Single que. 4.5 13.3 01 28.5 3.4 28.9 1.9 19.6 0.8 0.8 0.8 0.8 0.8 1.9 10.1 3.5 16.2 3.6 12.0 4.8 15.8 2806871 15 18 18 18 18 18 845 57.0 57.0 57.0 77.3 77.3 88.8 1.85 5.09 2.88 5.75 1.24 2.85 \$4.9 115 7 34 A 35.8 Single ute. Equity & Law manage. Equity & Law manage. E.P. FUND MGRS.: E.P. Growth Fd. FIRST PROV.: High Dis Exerves GANDA: G and A GUARDIAN-HILL SAMUEL HAMBRO ABBEY SECS.: Hambro Abbey Inc. Eambro Abbey Inc. Eambro Abbey Tst. Hambro Channel Is. C.I. Enterprise Eambro Fd. Hambro Sunsiler Co's Fd. Securition of American BILL & AMUEL. British international Copital Tst. Dollar Tst. Become Tst. Security Tst. RUDGE GROUP: Bonds IMP. LIFE ASS. CANADA Growth Fd. OVERSEAS INVEST.: Fund of Punds Sierling IRISE LIFE ASSURANCE Prop. Moubins JANUS SECS.: Raw Mauris. JESSEL BRIT.: Prop. & GCL. Civ el London New ISTE Jessel's Inc. Jes 40.4 0.57 PRODENTIAL TET MANAG.: Pradential BAVE & PEOSPER: Allantie Primarcial Secs. Carilal Right Yield Income LT.U. Trident SCHROOKER WAGG TST.: Schroder Cap. Fd. Inc. Schroder Cap. Fd. Inc. Schroder Gen. Fd. Inc. Schroder Inc. Fd. Inc. Schroder Gen. Fd. Schroder Gen. Fd. Schroder Gen. Fd. Target Finafe Target Inc. Th. Target Inc. Th. Target Inc. Th. Target Inc. Th. Target Financial Target From. The Target From Inc. The Target From 2.43 3.50 3.62 5.69 +6 +7 -3 -1 +3 +2 +3 -3 -10 121.0 45.7 98.5 919.5 47.1 120.9 100.8 231.2 41.6 55.2 20 21.8 3.6 13.6 13.6 13.6 14.4 12.7 14.23.7 14.23.7 15.1 15.9 23.5 171.7 24.1 17.1 27.7 22.1 27.7 22.1 27.6 21.1 27.6 21.1 52.1 RUBBER 27.9 21.7 37.4 38.6 41.1 23.9 88.0 252.6 38.2 140.2 120.4 130.5 98.2 9.10 5.48 2.36 2.10 4.00 1.83 2.82 1.56 1.56

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Matthey in the melting pot

Matthey, the precious metal firm that was knocked off its feet by defaulting silver speculators? The shares have jumped from 230p to 310p in a matter of weeks estensibly on recovery hopes and then rumours about Johnson Matthey's sale of its buge Hatton Garden fortress headquarters. Neither of these really add up to an explanation of persistent huying, admittedly in a notoriously tight market or to the many options taken out on the shares.

The much touted figures of £6-£12 million that Johnson Matthey may get from the Hatton Garden site are pretty wide of the mark. The favourite 2s buyer, leffrey Sterling of Sterling Guarantee has, he tells me, no intention of matching the £6 million he paid for the nearby out much larger Gamages store site. Another Slater protegee. Corporate Estates/Sterling Land s more interested and has the latthey occupied 73 Hatton Garlen just up the road on its list if desirable buys. But again £6 nillion is not a price it is anxious to pay; but even if it does not vin its asking price. Matthey will end up with nearer £51 milion in its pocket than the £1 nillion at which its site stands for the books.

Equally even after the sale and projected move of its £180 million panking, diamond and precious netal husiness to Southgate, it is nard to see Matthey sustaining a oarket price tag of £50 million t the moment. Profits have yet to uffer the full impact of the cut-ack in Rustenburg Platinum roduction. Meanwhile, the hope-ul news that General Motors will ise platinum to burn up car Exhaust fumes will not have any eal effect until 1974. Solver is at is lowest price for four years, 'hich is not helpful to Matthey's -... ading or refining sides and the angover from the £7 million peculator's loss could go on epressing profits. There are still ig management problems on the ading side, which encouraged amours last week that the com-any might hid for more success-al Metal Traders, a thought that from selling off the Spey bits

JNIT TRUSTS:

ipposedly having a tough time till high redemptions and lack-istre sales producing a net in-

ow of only £7.5 million to the

ast three months. But compared

ith America the situation is

ositively rosy-and certainly not

ne where investors should take

ports from New York, share

llapsed last week, largely under

e weight of the heaviest selling

the year from the country's hillion mutual funds, as

it trusts are called there. And

is seiling was largely forced

In May redemptions there ceeded sales for the first time ce 1954 and by September the

sition was even worse, with temptions at \$470 million top-

ig sales of only \$305 million, nassive drain of \$166 million

the funds. The hasic cause is

same as here, that investors ight in the 1969-70 share slide

getting out now that they have ir money hack. But the real

hlem is that mutual funds

ith own only some 6% of all

res probably now account for 125-30% of all trading on 11 Street. Thus there is a

wing danger that the double-

ed fall in prices caused by ed selling and lack of fund

ing could snowball into a full-

s of British unit trusts over

r American hig brothers that could almost certainly not pen here. To start with, I of that unit trusts account for

e than 5% of London Stock range turnover. And indeed hehaviour of individual in-

ors as a whole has quite a ll effect on which way the

l of share prices as a whole es. For instance, the persector were net sellers

es and company stocks to the

quarter. We are usually net rs, but this is a record by

t it was precisely this quar-

f the year when share prices

d their vital recovery on

gmorton Street. The lesson mply that the decisions of

buying pension funds, in-ice companies, merchant

ers and investment trusts

that count for share prices.

· oig question is wbether usts specialising in financial

s, nanks insurance and pro-

will continue to make the ng. These still dominate the

rmance tables with Anthony

ellor's Target Financial top-

the Ihree-year winners, on Wall's Financial Priority

tently well-placed and /Britannia represented by

Toperty & General and City

ndon among the top 10 over

year—though the latter's & General has suffered in

re is undoubtedly a lot of

ecent gold share slide.

are heavily influenced by ve yields and with fixed inyields humping down, the ground for shares looks good.

ng chalk.

c stock market crash. is one of the great advan-

redemptions of fund units.

ices on Wall Street all but

seem

Britain may be sneezing, but

USA has caught pneumonia

s my colleague Harlow Unger

Mutual Income

willing huyer. Rio Tinto-Zine has a perennial need for UK-earned income for its own tax purposes. It is also keen to move up the market from hase metals and establish a strong base in the precious metals rivalling the American/South African giant Engelbard, However, RTZ is a slow methodical wooer usually and its own chare price is down slow methodical wooer usually and its own share price is down in the dumps at present. There has certainty been no bid approach so far. As one Matthey director complained: "We'd be the last to know if a take-over was in the wind." While it is only in the wind more cautious investors could take advantage of the present price to selt.

Bovis does it again

BOVIS is not the company to shun controversy. The City had just managed to forget about 1970's bear raid, some odd un-successful hids to forestall a rights issue, the rights issue itself, and the departure of three directors tat different times). At directors (at different times). At last it could concentrate its

nind only on the juicy profit and earnings rises Frank Sanderson's team were producing.

Then late on Friday, Bovis announced it was buying Twentieth Century Banking, the last and higgest remnant of Spey Finance, from Pat Matthews' First National Finance for £6.5 million Negotiations had started million. Negotiations had started only 5 days earlier. The new deal will take some justifying. For one thing Twentieth Century's growth to forecast profits of £650,000 came in a period of tight money when it could charge com-paratively high interest rates. If money gets cheaper it will be more difficult to sustain a return of 6% on lending and the P/E ratio of 16½ could turn out expensive. For another the deal gives Matthews a total of £129 million

Top 10 over past 3 years

London Wall Financial ... +40.7

Ebor General ... +35.5

Jessel Commodity Plus ... +30.1

Allied Growth plus Income ... +28.0

Janus Raw Materials +27.5

Barclays Unicorn 500 +26.0

Oceanie Growth +24.8

Bottom10overpast3years

Target Growth —18.0
Pan-Australian

Oceanic General -21.0 Vavasseur Int. Mining -22.1

Top 10 over past year

Oceanic Performance +53.0

Slater Walker Assets +42.0

Ebor General +40.9 Jessel Prop. & General +40.7

Matthey strongly denies. Certainly there is little case for Matthey shares on their investment merits, even at the end-of the week price of 297p.

But it is not hard to find a willing have Ric Tento-Zing has for Fairview Estates and to not be as bad as it sounds for Bovis. Some sort of hanking operation to finance small housfor Fairview Estates and to finance small developers who are potential customers of Bovis' construction divisions has been under development for almost

Twentieth Century will allow Bovis to jump straight in on a hig scale so there should be useful profit benefits to the rest of Bovis. What is more, Bovis does not have to write the cost of serious does not have to write the cost. Bovis. What is more, Bovis does not have to make the cash payment until next May so it can choose its moment to place some shares or raise loan stock and make the acquisition do more than pay for its keep. As Sanderson says: "We'll have our 1972 profit forecast out by then—consorvative of course." So perhaps the City had hetter try to keep its head down and concenkeep its head down and concen-trate on that £4.3 to £4.4 million this year and much more next.

Ultramar: The facts ULTRAMAR'S share price has

slipped steadily from 295p to 264p since the stage-managed opening of its Quehec refinery. before UK journalists and brokers only a couple of weeks ago. This holders.

might seem odd since this make-or-break refinery will double Ultramar's sales of £65 million and profits of £2.7 million.

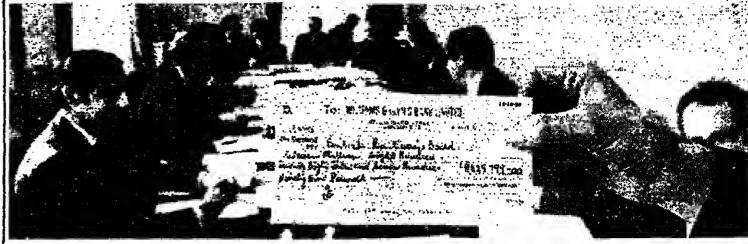
A long line of shares has now cleared the market, but that is not the whole story. A couple of brokers are worried about the rights issue we predicted a few weeks ago to replace the £40 million refinery loan financing. They are also concerned at the high level of capitalised preproduction level of capitalised preproduction and exploration expenditure in the balance sheet and the fact that there will be another £3 million of each for this year not charged to profit and loss.

Campbell Nelson, the chief executive, bas explained in a private circular how Ultramar product in earlier days to face

private circular how Ultramar needed io its earlier days to finance exploration in this way, so as not to distort current profits by heavy investment in future production. This is fine as loog as things do not go wrong. Now that Ultramar is hecoming a more mature industrial company the necessity for this is lessening.

Nelson replies that Ultramar will from now on he spending much greater sums on explora-

much greater sums on explora-tion, possibly £5 million a year, and to charge this direct to costs would distort the true profits picture. He needs to take some time to explain It to all share-



How to write yourself a cheque for £11,828,799... and cash it

MEASURED on the discussion of bow simply to huy its locamotives, new trains or long it took me to understand it, the tax-saving £115 million finance plan signed on Friday at bankers Morgan Grenfell by British Rail is pretty complex and observe. But the results flowing from the first £11 million between th MEASURED on the dibious scale of bow long it fook me to understand it, the tax-saving fits mitlion finance plan signed on Friday at hankers blorgan Grenfell by British Rall is pretty comptex and observe. But the results flowing from the first fill million cheque are so straightforward and important, including a cash saving to British Rail of something like £30 mittion, that it is worth examining just how the City's latest brilliant scheme, hranchild of Morgan Grenfell's Guy Weston, actually works.

Rasically, the heaps of paperwork are de-

Rasically, the heaps of paperwork are designed to coable British Rail to take advantage of tax altowances on its heavy capital spending programme even though it has no tax liability now—indeed, no profits—and is nollkely to have any for some time ahead. Instead of horrowing money and using It

managers Williams & Glyns. Railway Finance then buys the machinery and leases it to British Rail, thus creating within Railway Finance tax allowances equal to perhaps 80% of the cost of the machinery hought.

However, thanks to the consortium relief

provisions in the 1965 Finance Act, those lovely allowances do not have to he actually used by Railway Finance. They can be passed on to the five consortinm shareholders and set off against lhelr own, in each case, ample profits. And by another piece of taxation small print, the sharebolding companies can

then make cash payments back to Railway Finance without this being classified as taxrinance without this being classified as taxable income. Exactly how much of this saving of perhaps £35 million over five years will be passed hack to Railway Finance is not being revealed, but is probably at least 90%. Once the money is hack with Railway Finance it can be souffied over to the eager coffers of British Rall by way of adjusting the lease payments BR makes for its equipment.

So BR gets its equipment £30 million off over five years, the co-operative shareholders

over five years, the co-operative shareholders of Railway Finance get a nice turn for little more than administrative bother, and payments to the Inland Revenue sag. The Inand Revenue has in fact approved the scheme, but could begin to regret this since other loss-making big spending nationalised industries are already working out the sums.

Only the £68,000,000 Abbey Property Bond Fund could give you a stake in properties like these.

صكدان الاصل

The spectacular growth of the Abbey Property Bond Fund is one of the biggest financial success stories in recent times. Starting from scratch four years ago, the fund has grown to a record £68,000,000 with 34,000 bondholders. (In the last 2 months alone, investors sent in cheques totalling over £6,000,000.)

With this kind of money behind as we can operate on a much larger scale than the other Property Bond funds. For example, it allows us to snap up giant multi-million pound properties at the most favourable terms. Which means that we're able to get the best deals on the best properties.

Another point: as the fund has continued to grow, we've continued to improve the bonds. For example, just recently we reduced our deduction for Capital Gains Tax, improved withdrawal facilities and introduced a unique conversion option, as well as making a number of other changes detailed later in this advertisement.

Security

The Abbey Property Bond Fund is the biggest and most successful in Britain. But we have a lot more behind us than just our own individual assets. Abbey Life itself is one of the country's best known Life Assurance companies with assets exceeding £140 million. And behind them is the giant ITT Group, worth £2,800 million. So you're in safe hands.

One of the most attractive features of the

Fund. Since its inception in 1967, the bonds have continued to appreciate. Indeed, over

the last 18 months the growth has been

dynamic. In the last year alone, from October

'70 to October '71, Abbey Property Bonds

increased their value by a handsome 12.5%

(including the re-invested rental income net

Arundol Towers, Southampton, Valued at over £2,500,000.

Built-in Life Assurance

65th birthday.

of tax). Paying tax at the standard rate

you would have needed a gross income of

18.1% on your money to achieve the same

As long as you bold Abbey Property Bonds your life is assured automatically, at no

extra cost. As part of the new improvements.

life cover will increase by 3% p.a. compound

from the policy anniversary following your

payable in your family will be either the

current value of your bonds or the amount

shown on the life cover table on the applica-

tion form (which increases as described above)

- whichever is the greater. Naturally, if you've

withdrawn money from the Fund the amount

of life cover will be correspondingly less.

In the event of your death the amount

Jessel City of London ... +40.6 London Wall Financial ... +38.7 Oceanic Financial ... +36.5 Target Financial ... +36.4 Performance

Bottom 10 over past year
National Shield +3.I
S & P European Growth +2.4
Hill Samuel Int +2.1
Jessel/Brit. Gold & Gen5.5
Allied Metals & Minerals8.2
Surinvest Raw Materials93
Oceanic Overseas12.0
Mailet & Wed. Overseas15.1
Vavasseur Int. Mining20.9
Pan-Australian 26.2

Figures adapted from Planaed Savings Tables of Buit Fund Statistics published by Wootton

will do better than the market is to hack trusts that are heing revamped after failure or management groups that are pulling themselves out of the doldrums. Three months ago I spotlighted the Oceanic group and manager Len Lee is still topping the one-year tables with Oceanic Performance backet. formance, backed up with the group's Financial trust. With a perhaps unfortunate touch irony, Tyndall is showing the results of widening the investment policy of its Ulster Fund. And last quarter marks the return to the Top 10 charts of the Surinvest Group, whose manager John Ormond seemed tarred irretrievably with backing E. J.
Austin International, the "crock
of gold" flasco. As he admits
he is still making mistakes but
his Future Income fund has also made enormous profits from out-Photographic, Dohson Park and Ellis & Goldstein while maintaining a useful 4.3% yield with un-fashionable stocks like Cope Allman. It is not nne to put all your money in, but still looks set to go well. A second Ormond fund, Surinvest Performance is also picking up and is selling on the eneaper bid hasis.

left in selected bank, disand insurance shares, des-The decline in metal shares he npward ratings in the and continued gloom on the Aus-. The sector as a whole is van of rising profits. But tralian market have put several long-term successes. notably ld not expect a repeat of Allied's Metals & Minerals sudnig gains we have seen denly amongst the worst per-formers. There will be a time and new investors would oly be better off in a fund a more general portfolio to huy these though as yet there seenis no hurry. But if you want to try a lapsed angel the National Group's long-term successful Shield, with a portfolio of which, for instance in we & Prosper group, are winkled with finance shares. ther perennially successful in all the currently unfashion-d of choosing trusts that able places, could fit the bill.



Provided you make a single investment of not less than £1,000 you may, if you wish, withdraw up to 6% of the value of your bond each year - entirely free from Income Tax and Capital Gains Tax. The withdrawal scheme also incorporates a new feature. If you invest not less than £2,000, £4,000 or £12,000 you may now elect to have your withdrawals paid halfyearly, quarterly or monthly respectively. Of course, property values can fall as well as rise but provided that the annual total withdrawal does not exceed 6%, and that total annual appreciation is not less than 61%, your bond would retain its original value (calculated at the offer price of the Units). The annualised growth rate achieved has, in fact, confortably exceeded 6100 since the bonds were introduced.

Conversion Option

This is a new feature unique to Abhey Property Bonds. You may at any time elect to convert the units of your property bond into Abbey Equity Units or Abbey Selective Units, at a cost of only 1% of the value of

Tax Benefits

With Abbey Property Bonds you have no personal liability to Income Tax or Capital Gains Tax either while you hold them or when you cash them. The Company is liable to income tax on the rental income at the special Life Assurance Company rate - currently

37.5%. The Company also makes a deduction where appropriate from the value of cashed-in units to cover its own Capital Gains Tax liabilities. These liabilities are not adjusted for in the unit price. Whereas before the deduction was made at 3 the full rate of tax, in present circumstances the deduction will be made at 1 of the full rate - a new feature.

Surtax payers are liable to surtax (or higher rate tax after 1973) when they cash in or on death, depending on their surtax situation at the time of cashing in. There are a number of provisions which enable a surtax payer ro reduce, and possibly eliminate, the liability. If you are a very high surtax payer you should contact Abbey Life for precise details.

Investment Policy

The Abbey Property Bond Fund is invested in top industrial and commercial properties with really sound tenants. To name but a few - National Westminster Bank, Esso Chemicals, The Post Office, W. H. Smith, American Express, IPC and Boots.

The Fund also buys sites and constructs its own buildings in conjunction with approved developers. Naturally, this is only undertaken with letting of the completed properties guaranteed in advance. Up to 250/ of the Fund can be applied in this way.

Regular Valuations

The Fund Managers, the Property Division of Hambros Bank, carry out a valuation of the Fund's properties once a month.

These valuations are independently audited by Richard Ellis & Son, Chartered To make it simpler for new Bondholders. property bond units will be of the accumulator type where income is automatically

re-invested and expressed as an increase in

the unit value. Those who purchased their

bonds prior to October 1st will continue to receive their rental income in the form of

additional units. Prices for both types of units are pub-lished daily in leading national newspapers.

Low Charges

To allow for life cover and management expenses Abbey Life charges 5%, plus a small rounding-off price adjustment, which is included in the offer price of the new accumulator units. After that, charges total only onehalf per cent a year. All expenses of managing, maintaining and valuing the properties, as well as the cost of buying and selling the Fund's investments, are met by the Fund

Cashing in Your Bonds

You can cash in your Bonds at any time and receive the full bid value of the Units, subject only to any adjustment for Capital Gains Tax as described earlier. The Company maintains adequate liquid resources, similar 10 that of huilding societies, so in normal circumstances there should be no delay in cashing in.

However, in exceptional circumstances, the Company retains the right to defer payment or implement the conversion option for up to six months, pending realisation of

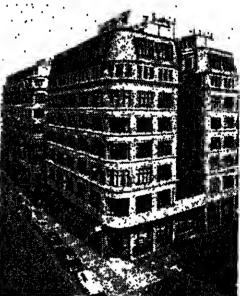
Guarantee

Now, when you reach age 65, the cashin value of your policy is guaranteed if you have held the policy for 20 years or more. The minimum cash-in value of your bond would then be the same as the life cover (which increases by 3% p.a. compound after your 65th birthday) illustrated in the coupon below.

Disclosure of Information

As a Bondbolder, you'll receive our Annual Report with full details of the entire

This includes photographs of the major properties and full financial information to let you see exactly how your money is invested. All new Bondholders receive a current



Fill in and post the application form together with your cheque. Upon acceptance of your application, you will receive your bonds showing the number of accumulator units allocated to you.

Abbey Property Bonds

	JRANCE COMPANY LIMITED, St. Paul's Churchyard, London, EC4M 8AR.	Age next birthday	*Life Cave per £1000 invested
I wish to invest f	in Abbey Property Bonds (any amount		
from £100\ and enclose	a cheque for this amount payable to Abbey Life	30 or less	£2,214
Assurance Company Limit		31	€2,732
Assulance Company Limi	teo.	32 33	F2.as2
	·		£2,575
Sumame (Mr./Mrs./Miss))	34	£2,500
	BLOCK CAPITALS PLEASE	35	£2,427
Full First Names		3a	£2,857
FUII FITST IVALUES		37	£2.288
		38	£2,222
Address		39	£2,157
		40	£2,094
		41	£2,033
		42	£1,974
		43	£1,918
Convention	Data of Birth	44	£1,860
Occupation		45	£1,806
Are you in good physical a	and mental health and free from the effects of any	46	£1.753
grevious illness or accident?	ti not, please give details	47	£1.702
, , , , , , , , , , , , , , , , , , ,		48	£1.653
		49	£1.605
		50	£1,558
		51	£1,513
		52	
	B. Jones Albert Fasting March		£1,469
	roperty Bonds or Abbey Equity Bonds or another Abbey	53	£1,428
Life Policy ?		54	£1,384
Tick	here for 6% Withdrawal Scheme:	55	£1,344
annual (minimum investment £1		56	£1,305
Shuffar (millionid massinant r	m£2000) monthly (minimum investment £12000)	57	£1,267
nan-yearly (minimum investmen	ILESOCO) TI MONTHÀ (MANIMININI NA SEGURBUTT I SOCO) TI	56	£1,230
	<u></u>	59	£1,194
Cond in your applica	ation and cheque now to get the	60	£1,159
Selicini Aont abbuc	amore and original restant of the	61	£1,126
penetit of the new /	Accumulator Units allocated at the	62	£1.093
current offer price	of £1.02. Offer closes on Tuesday	63	£1.061
Marrambar 2nd Jarki	ich is valuation day.	64	£1,030
MOAGUIDEL WING same	Ciris taluadon noy.	65-80	£1,000
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increase your income without changing your

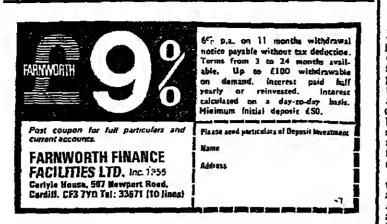
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WHEELOCK MARDEN and Company Limited

Record Profit. Increased Dividend and Scrip Issue

The Annual General Meeting of the Company will he held in Hong Kong nn 9th November, 1971. The following is the circulated statement by the Chairman, Mr. J. L. Marden, for the year ended 31st March, 1971.

Commercial activity in Hong Keng continues at a high tempo and the colony is becoming increasingly attractive to overseas interests as a market place for financial and related services.

Acquisitions

During the twelve months since the last annual report, your Group has expanded substantially in the field of real estate in Hong Kong. The Group now holds a major interest in Hong Kong Realty and Trust Company Umited, and following the acceptance of a recent offer for Realty Development Corporation Limited shares, Hong Kong healty now holds a controlling interest in Realty Development Corporation, which owns the twin 21-storey office huildings, Realty Building and International Building, in the Central district together with other commercial and shopping investment properties in Hong Kong. Realty Development Corporation is also active in the field of real estate development in the colony. Hong Kong Realty has recently acquired from Lane Crawford Limited a controlling interest in China Emporium Limited which also owns its own building in the Central district of Hong Kong, and shareholders will be aware that Hong Kong. building in the Central district of Hong Kongand shareholders will be aware that Hong Kong Realty also has a material interest in Crawford Realty Limited, the company that owns Lane Crawford House. The two real estate groups therefore. Hong Kong Realty and Realty Development Corporation, now form an interesting complex of property companies owning and managing domestic flats, commercial and industrial premises, shops and offices. The management and the operations of the two groups are being rationalised under our general direction, with greater efficiency and profitability being the greater efficiency and profitability being the objectives.

Shipowning

Shipowning continues to form a large part of group assets and our fleet of directly owned ships now numbers twelve, having a total deadweight tonnage of 306,283. In addition, we have a 20% investments in World Maritime Bahamas Limited, investments in World Maritime Banamas Limited, a company nwned jointly by ourselves. World-Wide (Shipping) Limited and the Hong Kong and Shangbai Banking Corporation. The World Maritime Bahamas fleet now consists of twenty-five vessels affoat and fifteen others on order, totalling 4,000,000 deadweight tons.

The Cross-Harbour Tunnel Work on the cross-harbour tunnel in which we

hold a 29.5% interest is proceeding satisfactorily although a problem was encountered in August when one of the units sank during a typhoon. At when one in the units sank during a typhoon. At that time the unit was being prepared for lowering on to the barbour bed. A major engineering recovery operation then had to be mounted to raise the unit to the surface, and it is anticipated that the resulting delay in the contract work will be minimal. To date out of the fifteen units which will repeat the contract work will be minimal. which will make up the complete tunnel, thirteen have already been launched and eleven have been placed in the prepared trench on the harbour bed.

Overseas Investments

Our overseas investments account for 11% of the parent company's total net assets and although this is now a relatively low proportion, we con-tinue to develop our operations outside Hong Kong. We look upon Indonesia as a fast develop-ing nation and we are now establishing a branch of Wheelock Marden Engineering Limited in Djakarta, in addition to our own fartory for the manufacture of toiletry and housebold goods, which is now in an advanced stage of construction. Our subaidiaries in Thailand, Australia and the Our subaidiaries in Thailand, Australia and the United Kingdom are all progressing and are expanding operations in their respective areas. The results of our Group operations in Japan have been affected by rising costs, but prospects there look promising following reorganisations that have been put into effect. As shareholders will have read in my interim statement in May, our interest in the Wheelock Marden and Co. (Malaysia) Ltd. Group of Companies, which mainly traded in consumer goods, was recently sold to the Inchespe Group. Mr. J. R. Lowe, who for many years has headed our Group operations for many years has headed our Group operations in that region, will be moving to Hong Kong to join head office. Our remaining interests in Singapore and Malaysia are in the more technical fields of computer services and engineering. On-Line (Holdings) Limited has opened computer and data preparation facilities in Kuala Lumpur, Singapore and Sydney.

Aviation and Engineering

Lloyd International Airways Limited is progressing satisfactorily and the airline now has two Boeing 707 aircraft and four Britannias. Plans are in band for further expansion of the fleet. Wheelock Marden Engineering Limited continues to recruit well qualified engineers for service in such relatively new fields as environmental control and, as I mentioned earlier, has opened its new Diakarta office.

Lane Crawford Limited experienced lower turnover in common with other retail stores in Hong Kong. Our insurance broking subsidiary, Wheelock Marden and Stewart Limited which we re-acquired at the time we sold our shares in the Landel Trust Insurance Group, is progressing very satis-factorily and bas already contributed to our

Ancore International (Hong Kong) We recently concluded arrangements for an investment in Ancore International (Hong Kong) Limited, the local subsidiary of a Canadian-based transportation, trading and real estate group. The arrangements provide for us to take an interest in the equity of the Canadian parent company in due course, thus marking our first venture in that country.

Results for the Year

Sbarebolders will see from the annexed accounts that we have modified the presentation of the balance sheet and the profit and loss account by grouping main items under their relevant classifications, and I am sure that this will simplify examination of the accounts. For those who are interested in the greater detail that was shown in previous years, this information is provided in note form.

I am pleased to report that the profit of the parent company after tax for the year ended 31st March, 1971, increased by H.K.\$4,520,000 or 27.35% on the 1970 results, to H.K.\$21,046,000. This represents earnings of H.K.\$1.08 per share ou the issued capital at 31st March, 1971. In accordance with forecast, the Directors bave decided to recommend a Final Dividend of fifty cents per share in respect of the year ended 31st cents per share in respect of the year ended 31st March, 1971, on the 19,500,000 issued shares of the Company ranking for the Final Dividend for that year. This, together with the Interim Dividend oaid in May, 1971, will absorb a total of 11.K.\$15,600,000, covered 1.35 times.

course, require the approval of shareholders which, if given at the extraordioary general meeting called for on 9th November, will mean that the number of issued shares will increase to 32,175,000 baving a par value of H.K.\$750,875,000 (£11,056,700). We have indicated that, subject to unforeseen circumstances, a rate of not less than 80 cents a share will be distributed for the year ending 31st March, 1972, on this increased issued 'apital.

The above-mentioned issued shares form part of an authorised capital which is now H.K.\$200,000,000 divided into 40,000,000 ahares of H.K.\$5 each. Whilst the Articles of Association of the Company give the directors the customary powers relating to issues of shares, the Board bas resolved as a matter of policy that no further issues of shares will be made without either a unanimous decision of the Board, or by ordinary resolution of the snareholders in general

Accounts

In the parent company's accounts the decrease of H.K.\$7,481,000 [2514,158) in "quoted investments" in the balance sheet relates to the sale of our sbares in the Landel Trust Insurance Group, of which shareholders were advised some time ago, and the profit on the sale of these shares is included in " profit on sale of investments " in the profit and loss account. Again in the parent company's balance sheet, the increase of H.K.\$5,639,000 (£337,580) in "unquoted Investments" relates to the taking up of further shares and loan stock in the Cross-Harbour Tunnel Co. Ltd., and the increase of H.K.\$21,989,000 (£1,511,271) in "shares in subsidiaries" represents mainly an increase in the capital of our Bong mainly an increase in the capital of our Hong Kong operating subsidiary, Wheelocks (Hong Kong) Limited.

Earlier this year, the Institute of Chartered Accountants in England and Wales in a statement to members, recommended that investing companies in their group reports should account for their proportion of the results of associated companies that have not been distributed. In view of the significance of our investments in associates and as a forerunner to the full adoption of this recommended procedure in future accounts, we have summarised these details in Note 6 of the profit and loss account, for sbareholders' informa-

The number of Directors of your Company is now 15 and this is the maximum number permitted by the Articles of Association. At the extraordinary general meeting which will follow the annual general meeting on 9th November, shareholders will be asked to approve a proposal to increase the maximum permitted number of Directors to twenty, in order to give the Board flexibility. At present the Articles of Association provide for two directors to retire by rotation each year, but having regard to the size of the Board it is felt appropriate to increase the number retiring by rotation to one-third. A resolution to this effect will also be put to shareholders at the extraordinary general meeting, a copy of the notice for which is enclosed with the report and

The Future

in closing this report, shareholders would doubtless like me to look to the future. I feel we can look forward to a period of progressive expansion and development of ou. Group assets, which are now soundly based, and to the benefits that should flow to shareholders from such developments

As we have come to expect, all the staff in all the constituent member companies of the Group have given of their best during the year under review and on your behalf I thank them all for their efforts which have helped to produce the excellent results now before you

LIPATURISO!

Houses: a luxury no one can afford?

LAST WEEK a disused Congregational church, zoned for residential development in a London suburb, fetched a macabre record price of £105,000 at auction. Earlier price of £105,000 at a uction. Earlier this summer a housebuilder aniazed even himself by paying over £5,000 a plot for estate-building land in the London suburh of Richmond. Two examples of a country-wide inflation in the cost of putting a roof over our beads in 1971.

The house market is in a situation of almost panic huving

The house market is in a situation of almost panic huying according to the conservative Ahbey National Building Society, and in some parts of the country the magic £10,000 figure for the bumble semi is breached. We bave even had a well-known Midlands housebuilder, Chris Bryant, complaining that the fantastic rise in house prices is now dragging up the price of land. Remember when the beef was the other way round. Stories abound of adjacent bouses increasing in value at sale by £1,000 in a couple of months, like the Severnside estate, originally priced at £7,500 two years ago, where a house fetched £8,300 at the end of 1970 and a few months later £9,225.

to realise, that prices bave risen faster toan most can save for the increased morigage repayments. Building society managers do not accept generally be have pushed up house prices but Leonard Williams, general manager of the Nationwide, last week admitted that building societies admitted that building societies should have done more to anticipate the house sbortage with more borrowers heing put in the way of funds. But if the building societies are deploring the prices that some bouses now fetch there is no sign of them doing anything to stop it. All but a handful of new bouses are vetted by building societies on price, often before a developer builds them. Four out of every five of the 600,000 old houses coming on to the market this year will be mortgaged, mostly by building societies, 12½, by local authorities or insurance loans. Building Societies' surveyors set the valuation levels and most loans are only a proportion of valuation on old houses. Yet building societies are financing as much as they ever did of

creasing in value at sale by £1,000 in a couple of months, like the Severnside estate, originally priced at £7,500 two years ago, where a house fetched £8,500 at the end of 1970 and a few months later £9,225.

The topsy-turvy rush to buy houses has been soarked by the buge increase in lending by building societies, up by a third in 1970 and another 25% this year. The money flood in 1970 coincided with the lowest level of new, private house completions in 10 years. Builders were so depressed that they only started 165,000 houses Building costs have risen by 1% a month over the past year but house prices bave risen much faster. House agent the late Roy Brooks pointed out this summer, what many young potential bouse-buyers have come

Britain pays for giving Daisy the cold shoulder

BY GRAHAM ROSE

AFTER a long drought, the manufacture these insecticides pretty: white pyrethrum daises which could rapidly capture a gree beginning to bloom again in market worth more than £10 million a year in sales of the raw please African farmers who grow the crop, some people in Britain that the forces should be aligned to the present to could be aligned. please African farmers who grow the crop, some people in Britain feel that the flowers should be woven into a wreath for British enterprise.

the insecticide at high altitudes near the equator.

The crop in the major produc-lng countries (Kenya, the Congo, Tanzania, Ecuador and New Guinea) bas been disappointing for the past two years—particu-larly in Kenya-which produces 80% of the pyrethrin consumed. Stocks of the insecticide were quickly depleted since it is the material of choice for public health spraying and the active ingredient in most of the millions of cans of fly sprays used in homes, hotels and bospitals

throughout the world.

Pyrethrin is favoured because it is very effective, short lived (and therefore presents no residue problems) and is free from danger to man, domestic animals and wildlife; characteristics which have caused a great increase in its popularity in a poliution

concious epoch. The resumption in pyrethrin supplies will temporarily vindi-cate the decision of those United Kingdom pesticide manufacturers who rejected the opportunity to take up a licence to manufacture even safer and more potent

synthetic alternatives which were developed on grants provided by the National Research and Development Corporation.

But the news will hardly console the British public since it seems likely that once again most of the profits from a Bailet. of the profits from a British invention will go to foreign com-

Attracted by the safety of pyrethrin, Doctors Michael Elliott and Norman Jones—research workers at Rothamsted Research Station, Herts—sought analogous chemicals which could be synthesised in a factory rather than extracted from a plant. A tenyear project, financed by NRDC, beautiful for the plant of bas yielded resmethrin and bio-resmethrin—which many experts consider the most exciting and the most significant insecticides yel produced.

So it is depressing to learn that recently three foreign companies (chemical giants Sumitomo in Japan. Roussel in France and S. Penick in the United Slates), have brought on stream plants to

cents per share in respect of the year ended 31st March. 1971, on the 19,500,000 issued shares of the Company ranking for the Final Dividend for that year. This, together with the Interim Dividend oaid in May, 1971; will absorb a total of II.K.\$15,600,000, covered 1.35 times.

Scrip Issue

A capitalisation of reserves is also recommended with a view to the issue to sharebolders of bonus shares in the ratio of one bonus share for every ten shares now held, ranking parl passu with the existing Issued shares except for the final dividend now recommended. This will, of course, require the approval of shareholders produce exploitable quantities of the erop, some people in Britain feel that the flowers sbould be woven into a wreath for British insecticide manufacturer. Only Cooper McDougall and Robertson, and Mitchell Cotts, have taken up licences—but although both companies are using the new materials in formulations neither plans to manufacturer in Britain after a long arrive in Britain after a long arrive in Britain after a long already further plants would back gardens, the dalsies only back gardens, the dalsies only wishing to incorporate resmething or bloresmethin in their

rin or bloresmethin in their formulations will be obliged to use imported raw materials—a ludicrous currency wasting situation when it is realised that any one of several large firms bave the opportunity of becoming a major exporter and currency earner if they had considered the NRDC'S licence more seriously. The new insecticides are strong enough to flatten flies within six

minutes, and are so safe to humans and other mammals that one researcher explained: "No matter how much we feed to rats we can't even make them seriously ill, let alone kill them."

Despite their astonishing insect killing power, the new materials break down completely within two days. Coupled with their low toxicity this makes them fully acceptable to conservationists who have been slarmed by the more persistent residues of other widely used insecticides. Both British and foreign com-

panles seem likely to use large quantities of the new insecticides in future because they are factory produced, which means constant supply and a stable price is guaranteed since neither is affected by crop vagaries.

Although Britain will earn royalties on all the resmethrin and bioresmethrin made, by

manufacturing the raw material more could have been earned. NRDC complains that it is fre-quently obliged to licence its patents abroad because over the last few years the climate for investment has been so dismal in Britain.

Fertiliser and pesticide manufacturers Fisons says that it decided not to take up a licence because it did not feel that it could sell the new insecticides through established outlets.

ICL another potential licensee,

told the that although invited to evaluate bioresmethrin in 1966 it did not appear to be sufficiently

attractive to justify an expensive development programme.

ICI is, however, still interested in pyrethrin chemistry and is currently investigating what it claims to be "a more promising compound." For the sake of exports let us hope ICI is right.

SCOTBITS

A small investment with the Scothlts Securifies Savings plan brings fantastic results! It is in your interests to learn more about it by reading the announcement on P.82 of today's Colour Magazine.

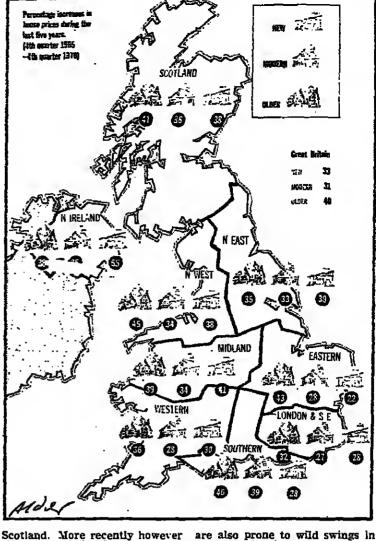
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scotland. More recently however all types of Southern property have been inflating faster than anywhere in the country. And the Bristol and West Building Society has pointed out that in 1971 old houses have been rising in value faster than new houses have advanced. bouses bave advanced.

There is at present almost total confusion about housing in Britain, The last Labour Government predicted two years ago that the great post-war sbortage of houses would come to an end in nouses would come to an end in 1971 with 19 million bomes and houses, and there would be approximately t million surplus units by 1973. The housebuilders, ever nervous seeing financing costs and land prices rocketing and the aftermath of the 1968 savings withdrawal from building societies stanged building societies, stopped building.

They are only just recovering their nerve. They may be able to start 225,000 private bousing units this year, but they are worried that the cut in mortgage interest rates last month will slow the mortgage rapply again. mortgage supply again.

Now the huilders complain that local authorities are just siting on all the best housebuilding land and that local planning is obstructing housing development. Frank Sanderson of Bovis has even estimated that being messed about by planning adds about 7% to the average price of a new

side of this coin is a belief in home ownership which they hope will apply to 60% of the populace in 1980. This would mean 1.8 million more bomes than the present 9 million owner-occupied houses, owned by about half the population.

The implications of these pollcies is an enormous increase in mortgage demand. It could be £7,000 million a year by the end of the decade compared with £1,500 million in 1969 and £2,500 million now. Where the money is every prediction of government, to come from is a serious problem. Building societies are almost the largest tapper of private poor bouse ouyer finds himself savings already. Building societies out of the market.

are also profile to wild swings in mortgage supply as we have seen over the past few years so there will be no smootb growth to the £7,000 million figure.

Nobody is sure just what is needed from the housebuilder. Private housebuilding will cer-tainly take over from the public tainly take over from the public authority as the main provider of homes, wbatever political party is in power. But there is fundamental disagreement as to bow many housing units will be needed a year. Even the basic determinant of the rate of new household formation is not accurately known. It could be 170,000 a year, but the new Census will not tell us for years yet.

There is also uncertainty about

mand for second-houses.

houses that the South—15% is one estimate. On the other band there is a far greater sbortage of bomes in the South—about 700,000 in 1970 according to the Bristol and West. Buchanan Consultants, in a survey last May for the Nationwide Building Society, estimated that some 41% of all homes around London, the worst hit area, are unfit if an unsatisfactory environment is brought into the equation.

Another unknown factor in the

But Standard reports that are currently running more 33%, up on last year and rising as the vital run-up to Fifth approaches. Sales by P Wessex in Salisbury are 30% and rising and Brocks, in H Hempstead, which has been business ever since 1720, it is now nearly sold out for year.

not tell us for years yet.

There is also uncertainty about replacement of slum, unfit and ill-sited bousing. Out of 18 million plus, bomes. 3.5 million are over 90 years old and 7 million over 50 years old. The Tories, now agreed that there are 5 million unsatisfactory homes, have increased renovation grants for old property, with the unexpected side effect of increasing the demand for second-houses.

The North of England contains a far greater percentage of unfit houses that the South—15% is

I million homes could be on the market each year soon, a reason able vacancy rate might be 10%

of that figure.
What is certain is that there is no satisfactory surplus now. with houses being snapped up, often within days of coming on the market Neither have builders a reasonable stock of new bouses for sale. This bas led the hyper inflation in all bouse prices. The danger now is that this will throw

Fireworks men still shudde the memory of the program which had shots of children related by bonfire night accid. And indignation rises yet in dour Yorkshire frame of Ric Greenhalgh, managing direct Standard. He claims the gathered the horrific bits nine years and that some of injuries shown were caused. injuries shown were caused lighting honfires with par-which he does not manufact "Notbing happened in because of the small audier he says. "And it came too in 1969 to affect the sales of manufacturer to the retailer

Fireworks

rocket

back with

a bang

TV programme.

THE BRITISH fireworks ind

is rising anew from the in-lit under their profits by a

First transmitted befor lionited BBC2 audience in the anti-firework documentary repeated in 1969 on BBC1 be the critical November date again shown in changed for 1970. It is beld responsibly manufacturers for a catastressles decline. Standard Fireworf Huddersfield, the last British manufacturer, say steady trading orofit hove around £180,000 chaoge over to a trading loss of £34,000.

"But the retailer was left large amounts of unsold sto Sales were slightly up in but the retailer was alre stocked up and that's the it hit us.

Standard's turnover drop from £1,066,000 with a profil £179,000 in the year ended Ma 1970 to £757,000 and a loss £34,000 in 1971. A small fact was closed down in Barnsley November and staff vacan were not filled. By June this y however, Standard re-opened Barnsley and staffing has turned to a normal 500.

Frank Sanderson of Bovis bas even estimated that being messed about by planning adds about 7% to the average price of a new bouse.

The new Conservative Government has radically altered the pleture, finally unveiling its new housing policy a few menths ago, in a year when bousing costs have accelerated for the average Brilon much faster than the rest of the cost of living. The Tory plans have mainly been attacked because they will withdraw rouncil bousing subsidies in favour of tenant rent rebates. But the other side of the coverage in under 10 years, and side of this coin is a belief in more and more frequently, about turned to a normal 500.

Brocks managed to avoid a last year but 30% of its busing in ow in Christmas decoration the Nationwide Building Society, estimated that some 41% of all homes around London, the worst hit area, are unfit if an unsatisfactory environment is brought into the equation.

Another unknown factor in the housing market is the number of which are being bought and sold. With mortgagors moving on average in under 10 years, and side of this coin is a belief in more and more frequently, about turned to a normal 500.

Brocks managed to avoid a last year but 30% of its busing in ow in Christmas decoration the Nationwide Building Society, estimated that some 41% of all housing society. The new Conservative Government is brought that a unsatisfactory environment is brought into the equation.

Another unknown factor in the housing market is the number of which are being bought and sold. With mortgagors moving on average in under 10 years, and more frequently, about the profit to £16,800." He foreca and f900,000 this year.

Pains-Wessex is a subsidiary the British Match Corporat and it claims a big disp market, which was not affect "But you can say we didn't m much money out of fireworks ! year," said financial direct Ross Colwill, "The orders a piling in now though and I show say we're 25% up."

Pains-Wessex also has a stromarket in marine distress sign and its turnover actually rose l year from £918,000 to £980,0 But the share attributable to fi works dropped from 41% to 22 and the pre-tax profit fro £140,000 to £93,000.

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Curtain up on Trust House Forte last act

BY AZIZ KHAN-PANNI

Trust Houses Forte got off its sel-up. sick hed last week to hire two

The company is so split, so demoralised, that there are now only two rational solutions that the directors and advisers of THF should enlertain. Either the company must go to Allied, or some other bidder, as one entity, in which case Sir Charles must surely leave. Or else whoever acquires it must hive off ennugh of the Forte parl of the THF assets in enable Sir Charles lo exit from a merger which has clearly not worked. In either case, the logic appears lo demand a bid of some kind is accepted and that Sir Charles and Trusl Houses must part company.

If the drama of the last few reeks has demonstrated anything, it is that the most brilliant entrepreneurs are probably not the right people to run the largest companies. Quite apart from the clasb of personality, it seems clear to most independent voices in the company that Michael Pickard, the former managing director whose removal brought the conflict into the open repre-sented, inside THF, the profes-sinnal manager who lived by the book, worked through the usual appraisals and feasibility studies, and operated through structured committees. Sir Charles, on the other hand, was accused of re-garding the company as his per-

concerned directors' use of a

company plane. More fundamentally, there was profound disagreement over the plans for developing London Airport Excelsior botel. Pickard wanted to

go the whole hog, opening an entire new wing before traffic had huilt up of the full catering facili-

ties completed. Sir Charles argued from his experience that the sav-ings on paper would not have

worked out in practice. Although

these arguments are past history have left deep scars in the THF hoard—so deep that it is very unlikely that Sir Charles Forte could be elected as chairman despite his confidence that this would happen next May.

It is clear that even a company as experienced as Allied in resol-ving internal conflict and dissen-

sinn could hardly allow this state

of affairs to continue Sir Charle's appointment as chief executive

has eased matters a good deal. But there is slill resentment

30.39

Pre-tax profit

Cap. expenditure

Loan repayment

Disposals (approx.) Cash requirement

Cash flow

LIKE AN OLD arthritic man, Charles cannut be part of that

It is not even as if THF has undertakers before dying. For much ammunition to fight a bid battle. The THF has much ammunition to fight a bid battle. The THF Council, whuse surely he the final act of a farce which has turned to tragedy. It was farcial ever to have expected that the colors of Thust Hauser to the colors of the council is a present of the council was farcial ever to have expected the lea-cakes of Trust Houses to mix with the beef-hurgers of Forle. It is a tragedy that Britain's largest hotel group, in the end, could nut harness the energy and imagination of Str. Charles Forte himself.

The company is so solit so ance, could bring on the veto.

The Crowther-Pickard camp appears in favour the idea of a bid on the right terms. On the olher hand, it is unlikely that Sir Charles, having established himself within slight of the chair-manship, would now want to give that up. The problem is that if this difference breaks into the npen, it will prevent THF share-bolders from getting the best possible terms from Allied, and Allied's chairman, Joe Thorley,

So although it bas heen made clear that the appointment of the two merchant banks, Schroders and Warhurgs, to advise THF is split, it indicates that there are separate interests involved.

Allied's bld, in any case, has a good deal of commercial logic. While the hotels industry has been moving increasingly into wider leisure fields, into entertainment, clubs and travel, the hrewers too have been moving into the same areas and spreading into the same areas areas areas areas and spreading into the same areas ing into hotels as well. Allied, for example, already runs 46 hotels with more than 2,100 letting hedrooms. By next year a further 400 rooms will have heen added. On the Trust House side many of its smaller country. side, many of its smaller country

garding the company as his personal fief.

So trivial incidents were blown up in angry scenes. One row hiew state that the Monopolies Commission recommendation to relax the

1973/74

0.50

must therefore be trying to get as many tied outlets as possible.

Again, the trend in the industry ls for the companies to move away from tenanted houses lo managed ones, and Allied, with around a third of its beer sales

moved further than most in this

direction. The acquisition of THF would take this policy a good deal further on.

The question now is whether Allied knows just how many problems it is huying. Last week Thorley confessed: "We probably

don't know any more about Trust Houses Forte than you do." Did he appreciate the financial burden he was taking on? Thorley: "We bave some considerable experi-

ence of financial management." Would any part of Trust Houses

development programme be cut back? That would depend on

how things worked out." If Thor-ley is in be believed, Allied is

from managed bonses,

1971/72 1972/73

0.75

19.45

2.21

0.75

up over the details of the pur-chase of Sidgwick and Jackson, a small publishing house. Another and cafes as well as pubs serving

1974/75

20.0

12

7.97

12,78

0.50



deal of homework. Of course that is not entirely lrue. The holel trade has been buzzing with speculation about what all those Ind Coope executives were doing in so many THF hotels in the weeks before the bid.

But the financial argument aticks out like a sore thumh. Allied's own development programme is still costing it £20 million a year, even though it has moved further toward oneproduct brewerles than any other company. With a flow of £15 million from depreciation and retained earnings, Alliad's cash needs are coverable. But the table (left), shows the extent of THF's problems. The profit estimates are my own, but these do not thoroughly alarmed at the reports

diverge much from current expec-fations in the market.

With £36 million raised earlier this year through loans and hank facilities, THF's cash needs have next year. But the escalator will begin again unless the company succeeds in jacking up profits. Since London hotels are likely to have substantial over-capacity by 1973, the prospects do not look

of what is currently going on within the company. If Sir Charles has in fact raised his shareholding to a point where he can call oo 20% of THF's equity, he could prevent the sort of full merger which Allied night want. It might be no bad thing to carre out the Forte hotel, catering, international and entertainment activities and let Sir Charles take them out of the group. And cer-tainly the problem of paying any more than around 165p might he got around if the Forte interests were to extract their huge loan liablities as well. But whatever

Wilkinson leads with its chin

real escalation of the world wide battle between the Wilkin-son Sword, the British David, and Glliette, the American Goliath it first challenged 10 years ago with the world's first stainless steel razor blade.

حكدا من الاصل

Next month Wilkinson starts to advertise its new single-edged bonded razor in time for the Christmas market.

This, a genuinely superior product the blades lasted me aix munths, somewhat to Wilkinson's embarrassment jeonsists of a thin strip of hlade bonded to a small plastic holder which clips into a new super-light razor; as with so many of the new introductions it many of the new introductions it costs more than a standard product (£1.19 for razor plus blades, 35p for five blades). But Wilkinson has the confidence born of success in the US where Bonded was launched earlier this year; in some areas is bas already doubled Wilkinson's share of the market bladed by setting at the large Wilkinson's share of the market —helped by getting at the large number of US shavers who still use single-edged blades. Wilkinson's blades are now sold in the US through Colgate-Palmolive whose salesmen have a grudge fight of their own with Gillette. For Gillette's foamy shaving cream hammered the equivalent Colgate product e year or two hack.

hack.

Gillette itself is not without weapons. Once the initial shock of heing assaulted in its cosy monopoly had worn off in the early 1960s it quickly introduced its own slainless blade. Then came Wilkinson's Chromiumedged hlade, and Gillette's response with a glint of platinum. But it was Gillette's continuous strip hlade, the Techmatic, its only major innovation in the great war, which has proved a hlated, if major, success. In the case, a return to the bad old days must not be allowed to

Britain one in 12 wet-shavers use it, in the US one in eight— just as well for Giliette since its ordinary stainless blades are outsold nearly two to one by Wilkinson in this country despite much heavier advertising.

much heavier advertising.

The latest refinement in the war is the hasty introduction into the US market by Giliette of its Trae II, a honded razor with two blades for the price of one. One hlade follows up the cutting action of the first, having another swipe before the truncated halr has settled hack into position. This was launched earlier this month without any of the usual lest-marketing during the prime time of the whole Giliette TV season, the baseball World Series (an event which this year led to rape on the streets of Pittsburgh). Trac II is destined eventually for use in this country if it is a lasting success in the US.

The war has taken a toll of

The war has taken a toll of both sides—and indeed there are signs in Britain that as the costs of new fancy shaving ideas continues to mount many shavers are turning to cheaper brands (some of these are made by the hig two; Gillette makes 7 O'Clock and Wilkinson a brand called London Bridge). But there have been major corporate consequences as well. The most significant has been the fall of Gillette from profit-grace. It used regularly to head the Fortune List in terms of profitability year in in terms of profitability year in year out; its record now looks more ordinary. Its marketing skills bave been proved to he very real—but it has still been unable to get away from its basic business. Wilkinson has changed much more. The first rush of success slightly unbalanced the company. "After four years of rush rush

big-headed," admits Denys dolph, chairman of what is firmly a family-run firm. sudden jump from being simal time makers of garden tools as swords to the big world of marketing was traumatic. Will inson expected its profits to hevery year the £3 million it on achieved, without taking enougacount of the inevitably hear marketing expenses involved in a long-term toe-to-toe slugging

a long-term toe-to-toe sluggimatch with Gillette. And unlimost companies which have swe to fame and fortune on one product, Wilkinson was (and is) n short of new products; rather is embarrassed by a surfeit dideas from its large research dideas from its large research dideas from the original boundary. These have ranged if the past from the original boundary. The past from the original boundary. The past from the original boundary. The past from the past from the original boundary. The past from the past from the product of the past from the pa tea cosily hot.

In addition there was a new
way of manufacturing blade
which reached a late stage u

development before the hoar had the courage to admit it coul not he manufactured commer ally. The ideas atill flow free —and include a lot of working of aerosols and squirting liquid derived from its fire protection division but equally suitable for applying foam to faces. But after a number of years when none for introduction of Bonded ts vita a major new idea in Wilkinson' original trade—with the consider able risk that in Britain, wher wilkinson has balf the militain, when wilkinson has balf the milit could merely replace sales of its older products rather that gaining new markets. If the risk comes off then the next idea probably in shaving, will be produced, if it does not—well there's course swords and a pice city of the city of the course swords and a pice city of the course swords and a pice city of the always swords and a nice cur insulated tea to console the

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lation Units which are valued weekly. The resulting offered and hid prices are published in

the Daily Talegraph, Financial Times and other leading nation-

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valua of my Bonds?

al newspapers.

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Company's charges.

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appears in the Bond policy).

IT COULD all have been so different. The three fascinating chapters of Graham Turner's new book" telling the story of the four-year negotiations which led to the merger of British later and Legack in 1952 make Motor and Leyland in 1968 make that clear. It took a wide varlety of pressures, mistakes and sheer accident to ensure that in the cod Donald Stokes, the hus salesman from the small Lancashire town (and company) of Leyland should emerge as king of virtually the whole Brush-owned motor

As Turner tells the story, what is extraordinary is not the gradual failure of all alternatives, but that the resultant group is now no longer the slek man of Europe's motor scene (Volkswagen now has that uneoviable distinction). For with the excepdistinction). For, with the excep-tions of Rover, Jaguar. Pressed Steel and the London-based ACV truck and bus business taken over by Leyland in 1962, all the dozens of companies which now make up British Levland Motor Cor-poratioo were in pretty desperate straits when they merged into higger units. None had shown the ability to grow from small to the ability to grow from small to really large industrial units by its nwn ability, without a continuous series of takeovers. Leyland itself has needed a complete reorganisation by an ACV man; even Standard-Triumph, run by Stokes himself for five years in the mid-1960s, is now having to be shaken to the core in a fight for survival.

There is very little about this in the hook. Most of it consists of the manoeuvres undertaken by BLMC's constituent companies as they waltzed round each other as more or less unwilling marriage partners in the 40 years be-fore the merger. There is very fore the merger. There is very little on the management of any of the companies (which was mostly personal authoracy anyway) or on the models, the engineering or the workers involved; yet these were crucial to any understanding of why BLMC, finally and precariously, is likely to survive and finurish. It is because of the hard core of engineering skill among workers and management alike which was almanagement alike which was always present in these companies and which has never heen multised before in any organised way. Within Europe only Mercedes Benz, Peugeot, Citroen and Flat have the sheer depth of

How the motor giant managed not to crash

landery, of course, is Stanley power games noted only the Markland, who did more than anyone else to build up the group in the 1950s; to him is attributed the cry "anything south of Crewe is a bloody overhead." whom Stokes quietly ensured jobs in the public sector. They did not realise how nearly (and bow often) on a visit to Niagara Falls. when, on a visit to Niagara Falls, it was pointed out that so many millions of gallons of water fell over the falls each hour he merely remarked 'I see nowt to stop it.' Turner quotes the best of all. A merger with Rolls-Royce was under dehate tin the story virtually everybody tried to merge with everybody else at one time or another). Markiand was doubtful. Rolls's products were of too bigh a value to fit in. As for Leyland's: "well, we were never much dearer than sausages, about four shillings a pound, our

The realism was not shared by the British Motor management: only Ron Lucas, the finance director, could admit to himself the appalling state of his firm, and spell out to others how rules the British Motor was to vulnerable British Motor was to a bid by Leyland. So prime-ministerial arm-twisting (in the form of a cosy dinner and chat at Chequers with H. Wilson), continuous pressure from the late Industrial Reorganisation Cor-poration, including a threat from Lord Kearton, the IRC's then-chairman, that it would support a Leyland bid for British Motor, an injudicious hurst of realism from Lucas about his company's financial position, and a lot of ill-feeling were needed to get the

sort of open warfare which had characterised General Electric's hid for Associated Electrical Industries a few months before the BLMC merger—indeed the need felt on all sides to prevent

the natural course of capitalism. The result could have been disastrous. For, of all the failures, sinppinesses and incompetences revealed in the book, none is as clear as that of the shareholders, the nominal owners of the dozen or so companies involved. The only constructive interference dates back to the 1920s, when a Shareholders Association, headed, improbably, by a local cheese wholesaler, reorganised the then near-bankrupt Leyland the then near-bankrupt Leyland Motors. Apart from that nothing. Even the best brains of the mighty Prudential, which was asked by both sides in the merger to evaluate the future of both partners, simply swallowed British Motor's forecasts almost whole when the most cursory chat with knowledgable outsiders for minimitised before in any organised way. Within Europe only Mercedes Benz Peugeot, Citroen and Fiat have the sheer depth of inherited know-how possessed by the BLMC men. But the Leyland men added another new ingredient.

The crucial element in the long drawn out series of mergers was that the Leyland men were always more realistic than the Midlanders. The epitome of Ley-

directors were decidedly apprehensive; they were aware they could he criticised for merging when they could have waited and bid for a British Motor, which they were convinced, would then

Indeed their shareholders bave Indeed their shareholders bave done badly; in the three years since the merger their share price has been dragged down to a third of its 1968 level by the multiple problems brought in by British Motor. Yet "the shareholders did not ask a single question about the merger: they merely made congratulatory noises" 'As one of the directors said: "it was a historing indict. said: "it was a histering indictment of the shareholders.

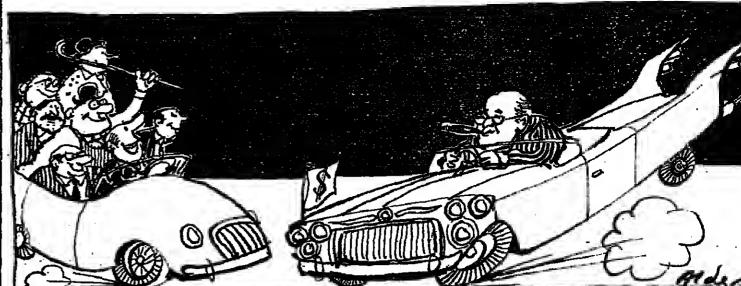
Without Government interfer-

ence, it is clear that Leyland would have hid for British Motor. In theory the victim ought to have been defenceless; hut all the evidence is that wishful thinking would have prevented acceptance of the hid by key sbareholders like the Pru and the Nuffield Foundation. Probably then British Motor would ably, then, British Motor would have slumped to a bad enough state within 18 months for a cheaper, rescue-bid by Leyland to be on the cards. In theory this would vindicate the idea that need felt on all sides to prevent another such blood hath was a major emollient factor in the BLMC negotiations.

Under the present Government all would certainly have heen different. There would have heen no Government interference in the natural course of capitalism. In terms of sheer money this is true. But, in this case at least, unless the rescue the natural course of capitalism. Operation had started in 1968 case at least, unless the rescue operation had started in 1968 with the planning of new models it is doubtful whether the Austin-Morris group, the heart of the old British Motor, would have survived at all. It was not that Stokes and his right-hand man George Turnhull, did much rationalising. They sacked no nne and did little for two years to sort out the production and to sort out the production and labour chaos. But they did plan and huld the new car, the Marina, vital to the whole survival of the corporation and push major

management changes.
The survival of BLMC was a close-run thing anyway: had the merger not heen pushed by the Government in a multitude of guises, the delay caused by a reliance on the normal forces of capitalism could have heen fatal. As the Rolls-Royce and Upper Clyde cases are slowly proving, bankruptcy is not a salutary policy; it is merely dis-turning and expensive. And, in the case of ill-managed companies, it's useless expecting the share-holders to act as watchdogs to

prevent it.
"The Leyland Papers," by Graham
Turner, Eyre & Spottiswode, £2.75.



Who will jump first in Big John's game of chicken?

BY MALCOLM CRAWFORD, Economics Editor

to now? Despite some surprisingly optimistic reports, the US
still bas not indicated that it
will remove the import surcharge, if the other industrial
countries revalue their exchange rates hy anything less
than Washington is demanding. And the US demand is nothing less than enough to improve the American halance of payments by some \$11 hillion a year-implying an average revaluation by everyone else of something like 13½%. That is the analysis by the OECD staff in Paris and the IMF in Washington.

The meeting of high-level officials in Paris last week was expected, hopefully, to produce a major step towards agreement. Maybe it bas, but this is not yet visible. It is not visible, not because of continued disagreement over the numbers, but hecause it is not numbers, but hecause it is not yet clear whether Nixon and Connally have decided that

they want the crisis settled yet. something even if Nixon had Paul Vnlcker, Connally's under-secretary for monetary

It is remarkable how many something even if Nixon had policy, told the Paris meeting countries will need to take part that the US was now quite happy to live in a world of floating currencies (the US Treasury was highly apprehenin the realignment (or so the international studies show). beel Other countries countries and help America solve its pay matter (Japan, West Germany, Britain, France, Italy, Netberlands, Belgium, Sweden, and Canada) many lesser countries. There would be great administrative difficulty to said the studies of the studies of the second studies. sive about floating rates, hefore the crisis hegan), while back in Britain, France, Italy, Netberlands, Belgium, Sweden, and Canada) many lesser countries, with high exposure to the US, Connally speaks and ronses standing ovations. A growth rate of more than 6% is now predicted for the US in external trade, and with payments in surplus, would suffer the first half of next year. Rean adverse change in their member the game called terms of trade—causing internal inflation — which their chicken, that teenagers in the US used to play with old cars? They aimed them at each other people would certainly notice. This applies to Spain, Austria, at high speed, and wboever and Switzerland; probably Taiveered off course first was a chicken. That seems to be Connally's game.

Wan, Hong Kong and the Philippines (with economies closely linked to Japan), and possibly some other underpossibly some other underdeveloped countries.

Australia is a particularly
interesting case. If it kept its
rate unchanged against the
dollar, most of the benefit
would accrue to profits of its
foreign-owned exporting firms
chiefly exporting primary products whose prices, in dollar
terms, would rise. There would
be little gain to Australians, if
Australia dld not revalue too.
But although Nixon and Con-

But although Nixon and Con-nally can sit and survey the international scene with a cer-

tain mephistopbelian deligbt,

time is not altogether on their

export industries are going to he severely damaged. Ger-

It is difficult enough for

ministers of these countries

to make concessions on exchange rates now; it will be much harder for them to make

effects on employment in ex-

There are two points
First, some countries'

We want trade not aid

Officially the American demand is a "swing" of \$13 hillion, but reading hetween the lines, it appears to be \$11 billion. The other members of the Group of Ten came up with figures totalling some \$5 to \$6 billion, based on assumptions that they all need current account surpluses. (They all claimed to expect to be exporters of capital— even Canada). It all added up to a total current account surplus of OECD countries to some \$20 billion, which is ridiculous.

many is already sliding into a recession on account of this (growth in West Germany in the first half of 1972 is fore-Suggestions were made that the US might look to a further improvement in its payments cast at 1.8%, ahout 3½% helow capacity). Elsewhere, export industries will he hurt, even if the overall growth does not from a revival of foreign confidence in the US. To this Voicker replied: "We want. suffer much.

trade, not aid!" The argument over the amount of payments improve-ment which other countries must provide the US has hecome quite unreal, and is now relatively unimportant. For, apart from Japan, France, and perhaps (marginally) Italy, the increases in exchange rates already realised in the market

amount to a bigger "offer" than the officials of the nine made in Paris last week. The Japanese know they will have to let the yen rise another 6% or 7% (the yen is now 9% above par) and while the French are not yet prepared to admit this, the need to reach a Common European Community position will force them to revalue by at least 6% or 7%. Given these changes, the result would be a coherent reallgument averaging just over 8% (the mark and the guilder are already above that). On the economic figuring now in use, this should bring about a swing in the US current account of some \$7 hillion.

Retaliation would not work

To this must be added some positive effect on capital flows. Insofar as American firms establish export operations in revaluing countries, their decisions would have to he thought out afresb, after currency realignment is complete. And decisions to invest in the US would be favourably affected. So would foreign portfolio investment in the US. No sensible calculations can be made ahout these changes, but they would augment whatever gain the US stands to make on her current account.

So it is now over to the poll-ticians. Will Nixon and Connally decide to remove the surcharge as sonn as Japan and France hring beir currencies

into line? The US is tactically in a strong position Retaliation against America on trade will not work. The nine would hurt each other far more than the US if they did that. The US, which generates 96% of its Gross National Product internaily and only 4% from trade, does not need trade in manufactured goods, in the short run. Last week's Danish import surcbarge may look like a cloud on the horizon, but it is an isolated event. The Danish devaluation of 1967 did not work, and their payments posi-tion has steadily deteriorated. They would have had to do own exporting firms out of

The other causes for concer in Washington is America capital investment abroad Here is Connally's Achille in finding an agreed uniform approach among the Nine. But the to-be-enlarged Common Market (including Britain) with the EFTA countries which will he associated with the EEG in some form, could impose uniform tax on foreign invest ment from outside the groupwhich would in practice mean a tax on American investment if that were seen on the borizon, the surcharge would come off very quickly indeed And if it did not, European countries would gain tax revenue, paid partly by American firms.

Settlement for Christmas?

The means of saving the faces of European countries, some of which bave been deny ing any intent to change their parities (and all of which bave insisted on the US raising its gold price), has been worked out already in the smokeless backrooms of Paris and Wash ington. Provisional fixed rates will be struck, as a "tempor ary" arrangement pending changes in parities. The par values of currencies will not change, nor will the gold ratios (which will remain theoretical gold dealings remain pended).

These proposed provisional fixed rates are heing called "pivotal rates." But some currencies (outside Europe) are further concessions once the still likely to go on floating.

A settlement by Christmas port industries make them-selves felt. There is a limit vided Europe stiffens its hack to the extent to which even up.

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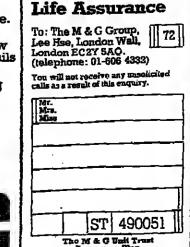
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An illuminating look at a scene of external gloss enand internal decay threatening the good oldfashioned British holiday mecca of the North RICHARD MILNER reports from the Golden Mile

ONIGHT the lights go out all er Blackpool. Six miles of

000 bolidavmakers d yet it faces a very real

vn Clerk Roland Hickman. ut the town has reached the nt in its history where it st hegin to make some tty rapld strides forward if to maintain its pre-eminent

sort of thing before. Every r. as more UK holidayers put on their sunglasses

Rhodes, some newspaper Jonah predicts that The End is Nigh. rer Blackpool. Six miles of azing promenade, 50 miles of stoon strlp and 375,000 light will be turned off. The ivalcade of Bathing Beauties, e Heraldic Highlights, the icky Stars, the Rotosphere, e Toddlers' Toyhox, the inter Wonderland—not to ention those hogus Sills, allions, Pediments and Ionic lumns that have heen stuck predicts that The End is Nigh. And every year families from Birmingham, Glasgow, Manchester and Widnes page, Manchester and

trope. It has about 4,000 hy way of entertainment. Third, pubs, clubs and cabaret-hars. tels, guest houses and flatit has been featuring full-scale it has been featuring full-scale it has been featuring full-scale. for the relatively modest run-ning cost of £187,000 a year hlem of external gloss and has worked a minor miracle by extending its season from the Blackpool is still a very Spring Bank Holiday through oular holiday resort," says to the dog-end of October.

have had the nerve to complain about the cost of the Illuminations (4p on the rates), on the grounds that outsiders can drive in to see this "Greatest Free Show on Earth" without actually spending anything in the town. By laying on this £600,000 display, Blackpool Corporation has extended the fly out to Benidorm, normal holiday season by four ovnik, Marrakesh or or five weeks. It is a small price

to pay for "No Vacancies" notices in guest-house windows in the third week in October, when gale-force winds lash slush-coloured hreakers off a gunmetal sea and cab-drivers reckon cheerfully on 31ft tides swamping the South Shore.

e Toddlers' Toyhox, the inter Wonderland—not to antion those hogus Sills, illions, Pediments and Ionic lumns that have heen stuck to the Town Hall—will he cen down and stored away. The has not heen a had season, things considered. And 1972 puld he at least as good. But li the Illuminations keep the wids and the cash rolling in years from now?

Blackpool is the wonder of a start, the twives go shopping and the hushands go for bracing walks along the prom on the mornings after. So why should anyone worry?

Duld he at least as good. But li the Illuminations keep the wids and the cash rolling in years from now?

Blackpool is a quite fantastic entertainments centre. Ken Dodd and his Tickling Stick has been playing to the tune of £23,000 a week at the Opera on the mornings after. So why should anyone worry?

As a holiday resort, Blackpool is a quite fantastic entertainments centre. Ken Dodd and his Tickling Stick has been playing to the tune of £23,000 a week at the Opera on the mornings after. So why should anyone worry?

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As a holiday resort, Blackpool is a quite fantastic entertainments centre. Relation of £23,000 a week at the Opera on the town's showhiz real estate, is now which, along with a single f

is civic motto

Only a few local malcontents to minimise the enterprise, goodwill and vigour of Black-pool's landladies, the quietly seething hutt of so many music-hall jokes, or their financial influence. Somehow, they con-trive to provide full Lancashire hoard and most mod. con. at around 30s a day with reductions for kiddles and old age pensioners. And they are traditionally invited to the dress rehearsal of the Northern comedy at the Grand Theatre, with reason. For they make recommendations about all the shows to their guests and take advance hookings. It may cost £40.000 to stage a major show at Blackpool hut advances can total £60,000, against (say) £4,000 at Paignton.

certain who it is catering for. When the first holiday advert-isements appeared in 1776, the promotional emphasis was on the physical benefits of a sea-side holiday. Something of this spirit still lingers on in hotel names like Queen's Hydro and the offer of "remedial haths" in the posher atmosphere of Lytham St Annes. Later came the funfair hallyhoo and the presentation of Blackpool as the working man's dream of paradise. Then the working man started to go to foreign places such as Spain, didn't like the food too much but came hack with a taste for luxury comfort at a hargain price.

If Blackpool has a civic slogan, it is "Value for Money." Impresario Bernard Delfont insists that this is what his customers want, and so does hotelier Eric Farley. And if any one up there is interested in an unsolicited testimonial from a Southerner used to Southern prices, that is precisely what the average Blackpool holidaymaker gets. But for a town so concerned with the value of money, it is may crash with a screech of astonishing how little the dehts, will almost certainly average Blackpool hotelier hecome familiar features of the impresario knows or even cares Blackpool townscape. But this about where that money comes from, Established success bad produced an almost inhred tally most summer visitors are complacency. So long as the still out for a good laugh and money is there, why worry? a song, a few drinks and maybe

people actually stay in the Hall has done very nicely. trade next October. town or how long they stay or "Hair" was a flop.

Already the Norbr why they have come there and Some institutions have gone ing whiter outside. pool knows exactly how many Ford and his Old Time Music town or how long they stay or "Hair" was a flop.

Why they have come there and whether they will come hack. from strength to strength, Like more professional inside, sport-

prospects. For what it is worth, incoming traffic was up hy around 5% in September and October. Most people would rather forget about the postal strike and bad weather that got the 1971 season off to a bad start, Blackpool Corporation is now at last conducting an in-depth survey with the British Travel Association.

Results of this survey will not be available for some months yet. But two important points are already clear. First, that Blackpool is not a typical British holiday resort. Partly as a result of its "cloth cap" image, husiness at several topclass hotels is rather slack during what would elsewhere be the height of the season and picks up properly only when conference time gets under way in the autumn. It comes as something of a surprise to hear tbat general manager Jack

At first sight, this is not obvious. Lancashire towns still shut down for their "Wakes Weeks" and come to Blackpool almost en bloc, filling the amusement arcades, cabaret hars, fortune-telling hooths and steak "n" chips restaurants steak 'n' chips restaurants. Police leave is still cancelled for the two Glasgow Weekends, though by all accounts rather less of a rough old time is had hy all. And even though Blackpool Corporation prints Its hrochures in seven languages and Mr Delfont insists valiantly that "it isn't all Northern comics," the facts remain that there aren't many Continentals around and the stars of three 1971 EMI shows were Ken Dodd, Jimmy Tarbuck and Hylda Baker.

Part of the problem is that Blackpool is no longer quite certain who it is category to stay on top. Ken Dodd has done terrific husiness in at least four of the past 10 years. But in 1972 there will he another top star at the Opera House, paid at London rates with a percentage of the gross as an extra attraction. Last year Delfont converted the cavernous Empress Ballroom, where 4,000 couples could dance without treading on each other's toes, into a more clubby Stardust Garden along the lines of his Talk of the Town in London. Business this year has trended up, as Blackpool got used to the idea. Next year the Stardust Garden should make money.

Hair hits the wrong note

Holidaymakers are constantly demanding something better, different and more up-to-date. Boutiques and night clubs are opening up all over and, although individual ventures is a gradual process of sociological revolution. Fundamen-After all, as far as most ordinary folk are concerned, you torium, featuring a shrunken can keep your Costa Brava.... head and funny tombstones, Even now nobody in Black- has been crowded. Clinton

Illuminations) can provide only 40 acres on South Shore with the vaguest idea of the town's its Casino huilding housing a popularity as a resort—or its restaurant and three huge hars, an Ice Drome, 18 cafés and 41
"rides" including Britain's
only Log Flume—a sort of
water-horne roller-coaster
2,500ft long. After the Astro
Swirl in 1969, Pleasure Beach is now introducing another £100,000-plus thrill with its new Gold Mine. Visitors in "ore trucks" plunge through the shaft of a Sierra Nevada gold mine. "amid the densem of mlne "amid the dangers of falling rocks and violent explo-sions." It is officially described

as "a terrifying experience."
Pleasure Beach finances new attractions reckoned to cost up to £250,000 aplece on the back of its own huge success. It is a private, unlimited company and chairman Leonard Thompson, who runs this mammoth thrillerama with his son Geoffrey and finance director Charles Burrell, aims to keep it that way. Turnover and profit figures are not disclosed, only white of the four-star Imperial
Hotel, for example, takes his
holiday in August. Second, the
pattern of holiday-making has
changed and is still changing.

At first sight, this is not
ohvious, Lancashire towns still
shut down for their "Wakes
Weeks" and come to Blackpool
almost en bloc, filling the

But Blackpool is much less well-placed to meet changing trends on the hotel front. Conferences have become increasingly important as a method of filling heds in the off-season—and not just those much-publicised get-togethers of the Conservative Party, the Lahour Party and the Trades Union Congress. At least one retailer reports that his peak trading period is the last week in January and the first week in April, when 1,000 exhibitors and about 30,000 huyers get to work on their expense accounts at the International Gifts Fair. Blackpool already has a fair chunk of the heavyweight husiness, as it can manage to seat 4,000 delegates in the same room.

Finding this number of hed-rooms without dotting people haphazardly all along the Fylde coastline, though, is another matter. At a recent Tory Party Conference, for example, John Wilkinson of Telefusion was asked if he could put up a very senior west German politician. "I didn't mind at all, actually," ha comments. "He was a very interesting chap." From the town's viewpoint, however, this sort of thing matters a great deal. Conference specialist Rert deal. Conference specialist Bert Newby reckons that Blackpool could make up for a (national) average downtrend of 10% a year in seaside holidaymaking with extra conference husiness But only if it provides the right

kind of accommodation.

Newhy retired this year as conference-chaser in chief for the Blackpool Tower Company (alias EMI), and was promptly recruited hy Eric Farley, an ehullient 36-year-old North Londoner who made his pile with a group of hudget-price Bayswater hotels and now aims to work the oracle on the larger and more luxurious Norhreck Hydro that he hought last December. "We took over a bloody great prison," he says bluntly. "Now we are making that prison into a bloody good castle." A £600,000 development plan is under way to transform this crenellated pile into a modern 700-bed luxury hotel, incorporating a hrandnew motel wing and a custombuilt 4,000-seater conference hall, in time to catch corporate

Such statistics as are available the Blackpool Pleasure Beach ing an imaginatively-designed come from traffic figures, which Company, which was founded hotel bar that would not dis-(in view of the ever-changing in 1906 and now sprawls over grace the most ultra-modern

establishment. And although the hotel operates at an average capacity of less than 40%, the separate Castle Bar on its right wing is generating a turnover of £150,000 to £200,000 a year and helps the whole operation into the hlack. "We're selling conferences a hit in the air at the moment," Newhy admits, "hnt I've booked the Cluh Trades Fair in Octoher next year."

Hey up lad, it's about time

Blackpool saw the light

Blackpool Tower seems to vlew its potential rival on the Queen's Promenade with a certain lofty tolerance. "Good luck to him," says general manager Mr Gledhill, "because the money all goes round the town. Some of it is hound to ruh off on us." But just as Farley sees conference husiness as a means to hoost the Norhreck's occupancy rate, so profitable har takings could be creamed off the Winter Gardens if Bert Newby managed to swing some of the key conferences from the old established venue to the hrandnew facility. And there can he little doubt that the town needs an all-round operation. To lts considerable credit,

Blackpool Corporation realises the need to attract more conferences, to cater for increasing numbers of weekend visitors, very interesting place it

sections radiating out towards Isle of Man. Some £15,000 has the perimeter of the 100-acre heen spent on new customs site. It is expected to open facilities, though. next spring.

Inevitably, there have heen some groans about the hurden on the rates. But managing director Cyril Grace, who quit as head of Dudley Zoo because he reckoned that the new owners were more interested an funfairs than fauna, is hudgeting for profit as well as preservation—starting with a pair of Whitaker's Wildebeeste hought from De Beers. And he is determined to involve Blackpool people. The Hotel and Guest House Association people bave subbed up for an Indian elephant (they wanted something symbolic but turned down his original impish sug-gestion of a brace of vultures), and the Waldorf is sponsoring a pair of pumas.

Two crucial barriers

Blackpool Corporation is now setting its cap at the West German market in a hld to attract more Continental visitors. But there remain two crucial harriers. First, neither and to plan even further ahead to fill the gaps in its entertainment programme. It is now working on the first £500,000 phase of Blackpool Zoo, which is scheduled to develop into a regular "mainstream "zoo like Regent's Park or Chester. And although for 1971 hut deferred), the airport is more "political." Locals do not take kindly to its deshould become, starting with a velopment, as it costs them more affluent visito Universal Zoo in the middle £60,000 a year and is mostly pay a premium for and with distinct continental used to fly people out to the rooms in Blackpool.

Second and more important, not one solitary hotel has heen huilt in Blackpool since the New South Promenade was developed in the 1930s. Even medium-sized guest houses medium-sized guest houses have installed H & C in all rooms, fitted cocktail bars and huilt sun lounges out in front. Some middleweight hotels like the Chequers have huilt new extensions, some like the Kimherley have even (in line with their patrons' newly-acquired Continental expectations), sacrificed hedrooms to provide more bathrooms But many of the huildings are Victorian, inevitably showing their age hehind the new frontage. And there is a limit to the most thorough "modernisation."

But current economics militate against the huilding of new medium-price seaside hotels in Britain. This problem is not, of course, peculiar to herley have even (in line with

is not, of course, peculiar to Blackpool. But because Blackpool is Britain's biggest holiday the business longer than most and because it takes a justifiahle pride in good value at low prices, the town will in future stand to be particularly hard hit,
"If something's there and

it's serviceable, it's too good to knock down — that's the trouble," as one husinessman said. Small wonder that Town Clerk Roland Hickman would like to get one brand-new topclass hotel on the Pembroke Estate seafront site. And that cthers are wondering whether more affluent visitors would pay a premium for naw motel

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SUNDAY TIMES BUSINESS NEWS

Prufrock

The orange groves of Leeds

THE ORANGE CROP in Leeds this year is as good as ever. Anyone wishing to verify this citric come to think of it, what he does curiosity, and at the same time investigate the city's growing fame as a source of subtropical trees and plants, should catch a number 66 bus from outside the railway station and go all the way to Leysholme bus

From there it is a short safari From there it is a short safari to Derek Fall's nursery on a hill-side overlooking the grey, grimy, richly chimneyed Leeds land-scape. There you will see his orange trees in full fruit. His banana, grapefruit, lemon, pineapple and passion fruit trees are growing a treat too. So are the bougainvillaeas, hibiscus and oleander and one of his lime fruits already weighs 22oz.

It is a warmer world under

It is a warmer world under the glass of Fall's nursery than it is in the Yorkshire air outside. It is quite an astonishing business one too. Coals to Newcastle are one thing, but selling orange trees to Spain, bougainvillaeas and oleanders to Italy and other sub-tropical exotica to Africa is a marketing triumph to which it takes a bit of time to get acclimatised.

Not that they all go to the tropics. He has sold hanana trees to Norway and cotton plants to Portugal. In Italy they are polly on his cleanders. For some reason they don't seem to have reason they don't seem to have the range of colours there that he gets—ninks, whites, reds and yellows. The funny thing is that Fall, up there on his hillside, doesn't think there's anything particularly special about growing sub-tropical plants at all. He says anyone with a greenhouse at a modest 55 deg F can growhit own nranges and hananas—and eat them as well.

and eat them as well.

"People forget that it can get cold in the tropics and you have frost in the desert." he savs remembering his service with the Long Range Desert Group during the second world war. "You can grow most sub-trapical plans as a minimum of 45 deg and just af a minimum of 45 deg and just about anything at 55 deg.

Nonetheless there are problems. Ordinary yellow hanana trees for example. They grow to a halable treample of the problems.

height which would swiftly push holes through the roof of his greeobouses, a phenomeoon which might prove perturbing for

passengers off the last late bus

after a wild night out.

Instead of mellow yellow bananas he grows red, velvety skinned ones. These trees only attain a modest 5ft 8in instead of attain a modest 5ft 8in instead of 8ft or more. Reasonably enough Fall thinks his red-skinned bananas and other sub-tropical plants make him the only nurseryman of his kind in the country. Even the Royal Botanic Gardens at Kew pass on inquiries they get to Leysholme Nursery, and lately he has been profiting from the growing number of private indoor swimming pools being huilt. They have just the right humid conditions for tropical gardens.

right numid conditions for tropical gardens.

The business started accidentally 16 years ago when Fall took over a derelict nursery on the Leysholmc housing estate. It had half an acre of glass, mostly hroken. At first he trod the usual hast starting that hast acres in the conditions. horticultural path with geraniums and herbaceous plants. Then he began to grow tropical onea in one of his greenhouses, more as a hohhy than anything else.

"People wanted to buy them instead of the geraniums," he says, "and it just grew from there." Most of the husiness is done through mail order with 10% of the sales overseas. "The nurseries in Africa for instance nurseries in Africa, for instance, don't seem able to compete with me. Their range is limited while I offer 1,000 different plants in my catalogue," says Fall. For example he has 26 different varieties of hougainvillaea. Even allowing for selling orange trees to Creit his provided more restriction.

Having what looks very much like a minor sub-tropical plant monopoly doesn't mean you can do without fanning the flame of entrepreneurial fire now and again. Look at the chance Fall



Derek Fall: red bananas among the chimney stacks

years ago.
"I grew 1,500 plants and people said I was mad. But they all went inside 10 months for £3 came when Geests, the high anana grower and importer, ordered 10 banana trees for its headquarters in Spalding.

Some sales spring from people's desire to score over friends. Loquacious vegetable marrow fanatics have heen stopped in their tracks by a man giving a brisk discourse on his orange crop, even though they only grow to tangerine rather than Jaffa sizes.

Having what looks name in the product of the

that Fail is a valuable source of bumming hird haths. According to him a surprising number of people keep humming birds in Britain and the problem is that the humming hirds don't go for the sort of plastic product a

is strongly established in Western Europe

and in the western hemisphere. Lloyds

founded over fifty years ago, has a wider

direct representation in the European

Printing Hower Square, London ECAP 4DE.

Bank Europe, whose first branches were the LBI Group, through

took with hananas a couple of hudgie would settle for. Which is one of the reasons why he grows promelias, a plant which has to people said I was mad. But they carry water in its centre to sur-

MY STORY last week about the tiny, taxless Channel Island of Jethon coming up for sale has caused a stir among island lovers everywhere. So much so that there has been a minor stampede for the lease, which has 24 years to run

The competition from potential buyers is so keen that two

cheques for £10,000 have already been put down as deposits, although they have not yet been accepted. You will recall that accepted. You will recall that the present Crown tenants, Angus and Susan Faed, are asking £40,000 for it plus £5.000 for effects. Joe Tingay, their estate agent in Guernsey, tells me the

allly cleared for me," says Tingay.

Details have been sent to inquirers as far apart as Dublin, Geoeva and the Scilly Isles. One waot: I to swap an equivalent property in another island for Jethou, or alternatively swap Jethou for furnished accommodation in the West Indies. Another wondered whether the island could he developed as a self-catering holiday spot.

Yesterday five contenders were due to visit Jethou. "If they are all still keen afterwards we may have to hold an auction," says Tingay. "That really would be something, wouldn't It? Everyons sitting in Str Compton Mackenzie's old library with the hids coming in at £1.000 a time." Just in case, he thinks he will take his auctioneer's hammer right.

SOMEONE once said Britain and America were separated by a common language. Robert W. Sornoff said it ogain in London

Sornoff said it ogain in London last week.

He was tolking to o gothering of British businessmen and as hefits o man who is chief executive of RCA, the big American company which is in everything from radio and TV to publishing and car rental: he went to some pains to oroid any semantic misunderstondings by defining his terms before he started. Thus occording to Sarnoff:

Economics is an orcane religion practiced hy economists, a large bady of people, who, if laid end to end, would still point in all directions.

directions. Finance is the art of passing currency from hand to hand until finally disappears.

Currency is un assoriment of frequently exchangeable substitutes for work or merchandise. The most familiar is the dollar. n unit with the odd property of oppening to hecome worth more to some as it becomes worth less

Government is a word of an economic paradox, the only service for which we are grateful not to get as much as we pay for.
Inflation is a condition of fleeting influence which explains why you can't take it with you: it all goes before you do.

Make life less cosy for the gas ma

FOR SEVERAL WEEKS this summer, the pavement effects. Joe Tingay, their estate agent in Guernsey, tells me the response has been amazing. He has had telephone calls from all over Britain and some people phoned seven times. "I suppose I have had more than 100 telephone conversations so far and my office had to keep lines specially cleared for me," says Tingay. Details have been sent to inquirers as far apart as Dublin, Geoeva and the Scilly Isles. One waot: I to swap an equivalent property in another island for Jethou, or alternatively swap Jethou for furnished accommodation in the West Indies. Another wondered whether the island could he developed as a self-catering holiday spot.

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impressed MPs, was something that only happens in Holland. And so the committee passed on to the next fascinating subject. In fact it passed on, in all, to some 616 pages of evidence, in which coal men affirmed that none but the most hizarre of customers ever complained of trouble with solid fuel supplies, electricity men swore that the instant cut-off was really the most humane way to deal with default-ing hill-payers ("We have a drill with the welfare people"), and telephone men confided that sometimes they felt there was a danger of complacency eating into their efficiency, because of the astonishingly few complaints they

Altogether, this document which you can purchase from Her Majesty's Stationery Office for a trifling £4.70, constitutes a positive poem in praise of public enterprise, as seen from the strongholds of public enterprise —and those strongholds appear, unfortunately, to include virtually all of those cosily incestuous organisations which are supposed to represent the interests of the user and the consumer of these inescapable State services.

received.

40/66 Oueen Victoria Street, London, EC4

In page after page of good cheer, the representatives of such groups as the Central Transport Consultative Committee and the Domestic Coal Consumers' Council, hug their chains and announce how delighted they are with their present set up. And then, in paragraph after paragraph of polite questioniog, the parllamentarians bring out the dreadful dingy truth of their situation. That by and large they occupy In page after page of good

OTHER BUSINESS



offices, and live on the (usually minimal) budgets, provided by the hoards whose activities they are supposed to police. The heavyweight members of those hoards sit in on their deliberations to make sure that things don't get out of hand. That frequently their chairmen are seconded from that hoard's own ranks. That they have no power to publiclse any criticisms they may care to make, except in the small print at the end of their annual reports, which is, of course, published at the expense, and under the augustes of the and under the auspices, of the hoard that is supposed to be their charge. And that, lo the words of Mrs Beale of the Coal Conaumers, the reason why they have so few complaints to report is that "not one person in a thousand has ever heard of our

But of course in this fairy-tale world complaints are the exception, rather than the rule. The Post Office, for a start, never seems to get any at all—despite the fact that its evideoce cheer-fully admits that, if an STD subscriber queries the number or extent of the dialled calls he is supposed to have made, there is no way at all in which his claim can be verified or disproved. "We can be verified or disproved. "We just have to accept what the meter records, and look at his average use," is the offhand message. And if his line got crossed with somebody s lonely ou pair calling Mummy in Marseilles, well that's just tough luck, hahy.

The Southern Electricity Board was a bit more forthcoming. It did at least admit to receiving 1,000 irate letters a quarter from its customers. But even that is pretty small heer among several Heath could do for the nation million. But of course, it all ised industries—far better the depends what you mean hy hiving hits of them off—we complaints. My own electricity undoubtedly be to get some reboard, unfortunately, did not volunteer any evidence. But it did types to snap at their heels.

occur to me to wonder, re-the emollient words of its leagues, just how the uner saga of my night storage h would figure in the comp

This object, you will be cinated to hear, suffers from over-sensitive thermostat. W means that if you breathe o it switches itself permanent!
So far this year, it has
visited by 23 more or less sk
representatives from the
tricity Service Department. less ambitious merely re-se The more highly skilled take the thermostat and replace makes no difference. But not have moved on to higher gro It is the lagging that is we so new lagging is ordered weeks delay, strip the maddown to its components, and find the lagging is the wrong Rehulld and start again.

Now, at last, after three Now, at last, after three of standing charges, nume (disputed) bills for mainten and a final middle-level esion it is—temporarily, no d—working. But for "compla purposes, I suspect it only co as one, or just possibly actual letters. And even they not have gone far enough up hlerarchy to qualify as gen "consumer protest." So my b can slumber on, content in confidence that it is doin

The Select Committee bappily, does not share complacency. In fact it ously thinks the waste the national setting stinks. It wants the national states the setting stinks. alised boards to come a cleaner about their future p wants to make the exis consumer committees far independent and critical, unfettered access to funds, sultancy and a wider ring future members; and it wan drop all the ridiculous limitate which forhid, for Instance, transport committees, to dis something as fundamental

it all depends on getting s consumers on the commit who will actually probe, pressure, and propagandise or half of consumers at large, the Select Committee, for seem to it good reasons, to down the idea of election remains up to Ministerial no ation. And the best joh Edwin Heath could do for the national disease.

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